

Our Ref.: GDI/161/TH/2002

23rd August, 2002

VIA AIR MAIL

Securities and Exchange Commission
Division of Corporation Finance
450 Fifth Street, N.W.
Washington D.C. 20549
U.S.A.



02049755

Attn.: Special Counsel
Office of International Corporate Finance

SUPPL

Dear Sirs,

Re: Guangdong Investment Limited (the "Company")
File Number: 82-3772
Rule 12g3-2 exemption

PROCESSED
SEP 12 2002
P THOMSON
FINANCIAL

02 SEP - 3 11/11:21

We refer to the Rule 12g3-2 exemption which has been granted by the Securities and Exchange Commission to the Company and enclose the following public documents of the Company for your records:

1. Monthly Returns on Movement of Listed Equity Securities for the months ended 30th June, 2002 and 31st July, 2002;
2. Form AR1 dated 24th June, 2002;
3. Form SC1 dated 15th July 2002;
4. Respective announcements dated 6th August, 2002, 7th August, 2002 and 19th August, 2002; and
5. Circular dated 23rd August, 2002.

Yours faithfully,
For and on behalf of
GUANGDONG INVESTMENT LIMITED

Theresa L. Ho
Company Secretary

Encls.

CLIENT'S COPY
02 SEP -3 PM 11:21

Monthly Return On Movement of Listed Equity Securities
For the month ended 31 July 2002

To : E-business and Information Services Unit of The Stock Exchange of Hong Kong Limited

From : Guangdong Investment Limited
(Name of Company)

Tengis Limited, Share Registrar
(Name of Responsible Official)

Tel No.: 28469997

Date : 19 August 2002

(A) Information on Types of Listed Equity Securities :
(please tick wherever applicable)

- | | | | |
|------------------------------|-------------------------------------|------------------------|-------------------------------------|
| 1. Ordinary shares : | <input checked="" type="checkbox"/> | 2. Preference shares : | <input checked="" type="checkbox"/> |
| 3. Other classes of shares : | <input type="checkbox"/> | please specify : | _____ |
| 4. Warrants : | <input type="checkbox"/> | please specify : | _____ |

(B) Movement in Authorised Share Capital :

	No. of Ordinary shares ("Ordinary")/ 3 ¼ per cent Redeemable Cumulative Convertible Preference shares ("Preference")/ other classes of shares	Par Value	Authorised Share Capital
Balance at close of preceding month	200,000 (preference) 8,000,000,000 (ordinary)	US\$1.00 HK\$0.50	US\$200,000.00 HK\$4,000,000,000.00
Increase / (Decrease) (EGM approval date : N/A)	Nil	Nil	Nil
Balance at close of the month :	200,000 (preference) 8,000,000,000 (ordinary)	US\$1.00 HK\$0.50	US\$200,000.00 HK\$4,000,000,000.00

(C) Movement in Issued Share Capital :

	No. of Ordinary shares	No. of Preference shares	No. of other classes of shares
Balance at close of preceding month	5,145,282,672	85,949	N/A
Increase / (Decrease) during the month	Nil	Nil	N/A
Balance at close of the month :	5,145,282,672	85,949	N/A

(D) Details of Movement :

* please delete and insert "N/A" wherever inapplicable

please delete and insert "N/A" wherever inapplicable						
TYPE OF SECURITIES	SECURITIES IN ISSUE AT CLOSE OF PRECEDING MONTH	MOVEMENT DURING THE MONTH			SECURITIES IN ISSUE AT CLOSE OF THE MONTH	IN NO. OF NEW SHARES ARISING THEREFROM
SHARE OPTIONS * Type	No. of Options	Granted	Exercised	Cancelled	No. of Options	
Share Option Scheme						
Exercise price:						
1. HK\$2.892	5,960,000	Nil	Nil	75,000	5,885,000	
2. HK\$3.024	3,650,000	Nil	Nil	550,000	3,100,000	
3. HK\$0.5312	154,700,000	Nil	Nil	10,400,000	144,300,000	
4. HK\$0.74	18,500,000	Nil	Nil	Nil	18,500,000	
5. HK\$0.814	60,300,000	Nil	Nil	500,000	59,800,000	
6. HK\$0.816	31,393,939	Nil	Nil	Nil	31,393,939	
WARRANTS* Date of Expiry	Nominal Value (HK\$)	Exercised (HK\$)			Nominal Value (HK\$)	
1. N/A Subscription price: HK\$	N/A	N/A			N/A	
2. Subscription price: HK\$						
CONVERTIBLES* Class	Units	Converted (Units)			Units	
3¼ per cent Redeemable Cumulative Convertible Preference Shares Convertible price: HK\$3.7	85,949	N/A			85,949	
OTHER ISSUES OF SHARES*						
Rights Issue	Price :	Issue and allotment Date :			N/A	
Placing	Price :	Issue and allotment Date :			N/A	
Bonus Issue		Issue and allotment Date :			N/A	
Scrip Dividend		Issue and allotment Date :			N/A	
Repurchase of share		Cancellation Date :			N/A	
Redemption of share		Redemption Date :			N/A	
Consideration issue	Price :	Issue and allotment Date :			N/A	
Others (please specify)	Price :	Issue and allotment Date :			N/A	
Total No. of ordinary shares/preference shares/other classes of shares increased/(decreased)*during the month :						Nil

Remarks : N/A

Authorised Signatory :

For and on behalf of

TENGIS LIMITED, Registrar for
Guangdong Investment Limited

Note :

All information contained in this form may be reproduced and provided to other
information vendors or users of market data at the sole discretion of the Stock
Exchange without prior notification to the company/issuer.


Name : Allan Tong

Title : Director - Share Registration

Monthly Return On Movement of Listed Equity Securities

For the month ended 30 June 2002

To : E-business and Information Services Unit of The Stock Exchange of Hong Kong Limited

From : Guangdong Investment Limited
(Name of Company)

Tengis Limited, Share Registrar
(Name of Responsible Official)

Tel No.: 28469997

Date : 19 July 2002

(A) Information on Types of Listed Equity Securities : (please tick wherever applicable)

- | | | | |
|------------------------------|-------------------------------------|------------------------|-------------------------------------|
| 1. Ordinary shares : | <input checked="" type="checkbox"/> | 2. Preference shares : | <input checked="" type="checkbox"/> |
| 3. Other classes of shares : | <input type="checkbox"/> | please specify : | _____ |
| 4. Warrants : | <input type="checkbox"/> | please specify : | _____ |

(B) Movement in Authorised Share Capital :

	No. of Ordinary shares ("Ordinary")/ 3 ¼ per cent Redeemable Cumulative Convertible Preference shares ("Preference")/ other classes of shares	Par Value	Authorised Share Capital
Balance at close of preceding month	200,000 (preference) 8,000,000,000 (ordinary)	US\$1.00 HK\$0.50	US\$200,000.00 HK\$4,000,000,000.00
Increase / (Decrease) (EGM approval date : N/A)	Nil	Nil	Nil
Balance at close of the month :	200,000 (preference) 8,000,000,000 (ordinary)	US\$1.00 HK\$0.50	US\$200,000.00 HK\$4,000,000,000.00

(C) Movement in Issued Share Capital :

	No. of Ordinary shares	No. of Preference shares	No. of other classes of shares
Balance at close of preceding month	5,144,882,672	85,949	N/A
Increase / (Decrease) during the month	400,000	Nil	N/A
Balance at close of the month :	5,145,282,672	85,949	N/A

(D) Details of Movement :

* please delete and insert "N/A" wherever inapplicable

Please delete and insert "N/A" wherever applicable						
TYPE OF SECURITIES	SECURITIES IN ISSUE AT CLOSE OF PRECEDING MONTH	MOVEMENT DURING THE MONTH			SECURITIES IN ISSUE AT CLOSE OF THE MONTH	IN NO. OF NEW SHARES ARISING THEREFROM
SHARE OPTIONS *						
Type	No. of Options	Granted	Exercised	Cancelled	No. of Options	
Share Option Scheme						
Exercise price:						
1. HK\$4.536	1,360,000	Nil	Nil	1,360,000	0	
2. HK\$2.892	5,960,000	Nil	Nil	Nil	5,960,000	
3. HK\$3.024	4,200,000	Nil	Nil	550,000	3,650,000	
4. HK\$0.5312	155,100,000	Nil	400,000	Nil	154,700,000	400,000
5. HK\$0.74	18,500,000	Nil	Nil	Nil	18,500,000	
6. HK\$0.814	60,300,000	Nil	Nil	Nil	60,300,000	
7. HK\$0.816	Nil	31,393,939	Nil	Nil	31,393,939	
WARRANTS*	Nominal Value	Exercised			Nominal Value	
Date of Expiry	(HK\$)	(HK\$)			(HK\$)	
1. N/A	N/A	N/A			N/A	
Subscription price: HK\$						
2.						
Subscription price: HK\$						
CONVERTIBLES*	Units	Converted			Units	
Class		(Units)				
3¼ per cent	85,949	N/A			85,949	
Redeemable Cumulative						
Convertible						
Preference Shares						
Convertible price: HK\$3.7						
OTHER ISSUES OF SHARES*						
Rights Issue	Price :	Issue and allotment Date :			N/A	
Placing	Price :	Issue and allotment Date :			N/A	
Bonus Issue		Issue and allotment Date :			N/A	
Scrip Dividend		Issue and allotment Date :			N/A	
Repurchase of share		Cancellation Date :			N/A	
Redemption of share		Redemption Date :			N/A	
Consideration issue	Price :	Issue and allotment Date :			N/A	
Others	Price :	Issue and allotment Date :			N/A	
(please specify)						
Total No. of ordinary shares/ preference shares/other classes of shares increased/(decreased) during the month :						
						400,000

Remarks : N/A

Authorised Signatory :
For and on behalf of
TENGIS LIMITED, Registrar for
Guangdong Investment Limited

Note :

All information contained in this form may be reproduced and provided to other information vendors or users of market data at the sole discretion of the Stock Exchange without prior notification to the company/issuer.

Name: Allan Tong
Title: Director - Share Registration



Companies Registry
公司註冊處

EXEMPTION NO.
82-3772

Form
表格

AR1

Annual Return
周年申報表

02 SEP -3 11:21

Company Number 公司編號

31340

1 Company Name 公司名稱

Guangdong Investment Limited
粵海投資有限公司

2 Business Name 商業名稱

N/A

3 Type of Company 公司的類別

☐

Private 私人

☒

Others 其他

4 Address of Registered Office 註冊辦事處地址

27/F.-29/F., Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong

5 Date of Return 本申報表日期

31 05 2002
DD 日 MM 月 YYYY 年

which is
該日期為

☒

Date of AGM or Date of written resolution passed
in lieu of AGM

周年大會日期或以代替周年大會的書面決議的日期

☐

Anniversary Date of Incorporation 成立為法團周年日期

6 Mortgages and Charges 按揭及押記

Total Amount outstanding at the date of this Return on all mortgages and charges which should be registered with the Registrar of Companies

截至本申報表日期，一切須向公司註冊處處長登記的按揭及押記的未償還總額

HK\$179,044,311

Presenter's Name and Address
提交人的姓名及地址

Mrs. Ho Lam Lai Ping, Theresa
27/F.-29/F., Guangdong Investment Tower,
148 Connaught Road Central,
Hong Kong

Deadline: 12/07/2002

For Official U
請勿填寫本

Your Receipt
Companies Registry
H.K.

26/06/2002 66373344

CR No. : -031340-

Sh. Form : AR1L

27 \$140.00

TOTAL (CSH) \$140.00

Third revision to Specification No. 1/97 (Amendment No. 1/2000)
指明編號第1/97號的第3期修訂(修訂編號第1/2000號)

31

05

2002

周年申報表

31340

DD 日 MM 月 YYYY 年

Page 2 第二頁

7 Share Capital 股本 (As at the date of this Return 截至本申報表日期)

		Authorised Share Capital 法定股本	Issued Share Capital 已發行股本		
Class of Shares 股份類別		Total Nominal Value 總面值	No. of Shares Issued 已發行股份 數目	Total Nominal Value of Shares Issued 已發行股份的 總面值	Total Paid up Value of Shares Issued (excluding premium) 已發行股份的 已繳股款總值 (不包括溢價)
8,000,000,000 ordinary shares of HK\$0.50 each ("Ordinary Shares")	HK\$	4,000,000,000.00	5,144,882,672	2,572,441,336.00	2,572,441,336.00
200,000 3¼% redeemable cumulative convertible preference shares of US\$1.00 each ("Preference Shares")	US\$	200,000.00	85,949	85,949.00	85,949.00
Total 總值		HK\$4,000,000,000.00 US\$200,000.00	5,144,882,672 Ordinary Shares 85,949 Preference Shares	HK\$2,572,441,336.00 US\$85,949.00	HK\$2,572,441,336.00 US\$85,949.00

Enter below any changes to the structure of the company's share capital since the date of the last Return.
如公司股本的結構由上一份申報表日期以來曾經變動，請在下面填寫詳情。

Class of Shares 股份類別	Change 變動情況
	"As per attached Schedule 2"

8 Past and Present Members 過去及現在的成員

For company with a share capital 有股本的公司

- 1 ☐ There have been no changes since the Annual Return for _____.
由遞交 _____ 年度周年申報表以來，成員並無任何變動。
OR 或
- 2 ☒ A full list of members is enclosed (use Schedule 1).
隨附成員的詳細名單（使用附表一）。

For company without a share capital 無股本的公司

- 3 ☐ The number of members at the date of this Return is _____.
於申報表日期的成員數目是 _____ 人。

31	05	2002
----	----	------

DD 日 MM 月 YYYY 年

周年申報表

31340

Page 3 第三頁

9 Secretary 秘書

Name 姓名

Ho Lam Lai Ping, Theresa 何林 麗屏

Surname 姓氏

Other names 名字

N/A

N/A

Alias (if any) 別名 (如有的話)

Previous Names 前用姓名

Address 地址

Flat 3013, 30/F., Block A, Kornhill, 29-31 Hong Shing Street, Hong Kong

Identification 身份證明

a Hong Kong Identity Card
or Company Number

香港身份證號碼或公司編號

D128651(0)

N/A

I.D. Card Number 身份證號碼

Company Number 公司編號

b Overseas Passport
海外護照

N/A

N/A

Number 號碼

Issuing Country 簽發國家

10 Directors 董事

1 Name 姓名

Chan Cho Chak, John 陳 祖澤

Surname 姓氏

Other names 名字

N/A

N/A

Alias (if any) 別名 (如有的話)

Previous Names 前用姓名

Address 地址

Flat A, 7th Floor, Glory Heights, 52 Lyttelton Road, Hong Kong

Identification 身份證明

a Hong Kong Identity Card
or Company Number

香港身份證號碼或公司編號

A190332(5)

N/A

I.D. Card Number 身份證號碼

Company Number 公司編號

b Overseas Passport
海外護照

N/A

N/A

Number 號碼

Issuing Country 簽發國家

Capacity 身份

☒

Director 董事

☐

Alternate Director to 替代董事

31	05	2002
----	----	------

周年申報表

31340

DD 日 MM 月 YYYY 年

Page 4 第四頁

10 Directors 董事 (cont'd 續上頁)

2 Name 姓名

Cheng Mo Chi, Moses 鄭慕智	
-------------------------	--

Surname 姓氏

Other names 名字

N/A	N/A
-----	-----

Alias (if any) 別名 (如有的話)

Previous Names 前用姓名

Address 地址

Suite 4B, Hollywood Heights, 6 Old Peak Road, Hong Kong

Identification 身份證明

a Hong Kong Identity Card or Company Number

香港身份證號碼或公司編號

A904739(8)	N/A
------------	-----

I.D. Card Number 身份證號碼

Company Number 公司編號

b Overseas Passport 海外護照

N/A	N/A
-----	-----

Number 號碼

Issuing Country 簽發國家

Capacity 身份

☒

Director 董事

☐

Alternate Director to 替代董事

--

3 Name 姓名

Fung Daniel Richard 馮華健	
-------------------------	--

Surname 姓氏

Other names 名字

N/A	N/A
-----	-----

Alias (if any) 別名 (如有的話)

Previous Names 前用姓名

Address 地址

4/F., Borrett Mansions, 9B Bowen Road, Hong Kong

Identification 身份證明

a Hong Kong Identity Card or Company Number

香港身份證號碼或公司編號

E498456(4)	N/A
------------	-----

I.D. Card Number 身份證號碼

Company Number 公司編號

b Overseas Passport 海外護照

N/A	N/A
-----	-----

Number 號碼

Issuing Country 簽發國家

Capacity 身份

☒

Director 董事

☐

Alternate Director to 替代董事

--

31	05	2002
----	----	------

DD 日 MM 月 YYYY 年

周年申報表

31340

Page 5 第五頁

- 11 Registers Address where the company's registers are kept (if not the same address as in Section 4)
 登記冊 公司備存登記冊的地址 (如並非備存於第4項的註冊辦事處內)

Register 登記冊	Address 地址
Members (Ordinary Shares)	4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong

- 12 Period Covered by Accounts Enclosed 隨附帳目所涵蓋的會計結算始末日期
 (Except for Private Companies Limited by Shares 私人股份有限公司除外)

01	01	2001
----	----	------

DD 日 MM 月 YYYY 年

to
至

31	12	2001
----	----	------

DD 日 MM 月 YYYY 年

- 13 Certificate 證明

- (a) I certify that the information given in this Return (including 5 pages of Continuation Sheets and 3 pages of Schedules and a CD-ROM) is true to the best of my knowledge and belief.
 據本人所知及至誠相信，謹此證明本申報表內的資料 (包括 5 張續頁及 3 張附表) 真確無訛。

- * (b) ~~I certify that the company has not, since the date of the last Annual Return issued any invitation to the public to subscribe for any shares or debentures in the company and that if the number of members is in excess of 50 at the date of this Return, the excess are persons who under Section 29(1)(b) of the Companies Ordinance are not to be included in the calculation of 50.~~
 本人證明公司由上一份周年申報表日期以來，並無發出任何文件，邀請公眾人士認購公司任何股份或債權證，同時如成員數目於申報表日期超過五十，則根據公司條例第29(1)(b)條，所超出的成員不包括在所計算的五十名額內。

* Only relevant to private companies. Delete if not applicable.

* 僅與私人公司有關。如不適用，請刪去。

Signed 簽名：



(Name 姓名) : (Ho Lam Lai Ping, Theresa) Date 日期 : 24th June, 2002

Director 董事 / Secretary 秘書



Companies Registry
公司註冊處

Form
表格 AR1

Annual Return

周年申報表

Continuation Sheet B (Sheet 1 of 5)
續頁 B 第 1 頁 (共 5 頁)

Date of Return 本申報表日期

DD 日	MM 月	YYYY 年
31	05	2002

Company Number 公司編號

31340

Details of Directors (Section 10 of main form) 董事詳情 (表格第 10 項)

1 Name 姓名

Gu Shunan 古樹南

Surname 姓氏

Other names 名字

N/A	N/A
-----	-----

Alias (if any) 別名 (如有的話)

Previous Names 前用姓名

Address 地址

Room 605, 8B New Market Street, Sheung Wan, Hong Kong

Identification 身份證明

a Hong Kong Identity Card
or Company Number

香港身份證號碼或公司編號

P797476(4)	N/A
------------	-----

I.D. Card Number 身份證號碼

Company Number 公司編號

b Overseas Passport
海外護照

N/A	N/A
-----	-----

Number 號碼

Issuing Country 簽發國家

Capacity 身份

☒

Director 董事

☐

Alternate Director to 替代董事

--

2 Name 姓名

Li Kwok Po, David 李國寶

Surname 姓氏

Other names 名字

N/A	N/A
-----	-----

Alias (if any) 別名 (如有的話)

Previous Names 前用姓名

Address 地址

Penthouse, Flat A, Tower 2, Dynasty Court, 23 Old Peak Road, Hong Kong
--

Identification 身份證明

a Hong Kong Identity Card
or Company Number

香港身份證號碼或公司編號

A982004(6)	N/A
------------	-----

I.D. Card Number 身份證號碼

Company Number 公司編號

b Overseas Passport
海外護照

N/A	N/A
-----	-----

Number 號碼

Issuing Country 簽發國家

Capacity 身份

☒

Director 董事

☐

Alternate Director to 替代董事

--



Companies Registry
公司註冊處

Form
表格 AR1

Annual Return 周年申報表

Continuation Sheet B (Sheet 2 of 5)
續頁 B 第 2 頁 (共 5 頁)

Date of Return 本申報表日期

DD 日	MM 月	YYYY 年
31	05	2002

Company Number 公司編號

31340

Details of Directors (Section 10 of main form) 董事詳情 (表格第 10 項)

1 Name 姓名

Li Wai Keung 李偉強

Surname 姓氏

Other names 名字

N/A	N/A
-----	-----

Alias (if any) 別名 (如有的話)

Previous Names 前用姓名

Address 地址

Flat H, 15/F., Chi Sing Mansion Taikoo Shing, Hong Kong

Identification 身份證明

a Hong Kong Identity Card
or Company Number

香港身份證號碼或公司編號

E955031(7)	N/A
------------	-----

I.D. Card Number 身份證號碼

Company Number 公司編號

b Overseas Passport
海外護照

N/A	N/A
-----	-----

Number 號碼

Issuing Country 簽發國家

Capacity 身份

☒

Director 董事

☐

Alternate Director to 替代董事

--

2 Name 姓名

Li Wenyue 李文岳

Surname 姓氏

Other names 名字

N/A	N/A
-----	-----

Alias (if any) 別名 (如有的話)

Previous Names 前用姓名

Address 地址

Flat F, 29th Floor, Block 2, Centenary Mansion, 1 Victoria Road, Hong Kong
--

Identification 身份證明

a Hong Kong Identity Card
or Company Number

香港身份證號碼或公司編號

P965476(7)	N/A
------------	-----

I.D. Card Number 身份證號碼

Company Number 公司編號

b Overseas Passport
海外護照

N/A	N/A
-----	-----

Number 號碼

Issuing Country 簽發國家

Capacity 身份

☒

Director 董事

☐

Alternate Director to 替代董事

--



Companies Registry

公 司 註 冊 處

Form
表格

AR1

Annual Return

周年申報表

Continuation Sheet B (Sheet 3 of 5)
續頁 B 第 3 頁 (共 5 頁)

Date of Return 本申報表日期

DD 日	MM 月	YYYY 年
31	05	2002

Company Number 公司編號

31340

Details of Directors (Section 10 of main form) 董事詳情 (表格第 10 項)

1 Name 姓名

Wang Man Kwan, Paul 王 萬鈞

Surname 姓氏

Other names 名字

N/A	N/A
-----	-----

Alias (if any) 別名 (如有的話)

Previous Names 前用姓名

Address 地址

Flat 6B, Fook Yee Garden, 278 Prince Edward Road West, Kowloon, Hong Kong

Identification 身份證明

a Hong Kong Identity Card
or Company Number

香港身份證號碼或公司編號

E765340(2)	N/A
------------	-----

I.D. Card Number 身份證號碼

Company Number 公司編號

b Overseas Passport
海外護照

N/A	N/A
-----	-----

Number 號碼

Issuing Country 簽發國家

Capacity 身份

☒

Director 董事

☐

Alternate Director to 替代董事

--

2 Name 姓名

Wang Xiaofeng 王 小峰

Surname 姓氏

Other names 名字

N/A	N/A
-----	-----

Alias (if any) 別名 (如有的話)

Previous Names 前用姓名

Address 地址

Flat D, 22/F., Wing Shing Building, 154-158 Wing Lok Street, Sheung Wan, Hong Kong
--

Identification 身份證明

a Hong Kong Identity Card
or Company Number

香港身份證號碼或公司編號

R093297(2)	N/A
------------	-----

I.D. Card Number 身份證號碼

Company Number 公司編號

b Overseas Passport
海外護照

N/A	N/A
-----	-----

Number 號碼

Issuing Country 簽發國家

Capacity 身份

☒

Director 董事

☐

Alternate Director to 替代董事

--



Companies Registry
公司註冊處

Form
表格 AR1

Annual Return

周年申報表

Continuation Sheet B (Sheet 4 of 5)
續頁 B 第 4 頁 (共 5 頁)

Date of Return 本申報表日期

DD 日	MM 月	YYYY 年
31	05	2002

Company Number 公司編號

31340

Details of Directors (Section 10 of main form) 董事詳情 (表格第 10 項)

1 Name 姓名

Wu Jiesi 武捷思

Surname 姓氏

Other names 名字

N/A	N/A
-----	-----

Alias (if any) 別名 (如有的話)

Previous Names 前用姓名

Address 地址

Flat C, 36/F., Block 2, Centenary Mansion, 1 Victoria Road, Hong Kong

Identification 身份證明

a Hong Kong Identity Card
or Company Number

香港身份證號碼或公司編號

P942529(6)	N/A
------------	-----

I.D. Card Number 身份證號碼

Company Number 公司編號

b Overseas Passport

海外護照

N/A	N/A
-----	-----

Number 號碼

Issuing Country 簽發國家

Capacity 身份

☒

Director 董事

☐

Alternate Director to 替代董事

--

2 Name 姓名

Ye Xuquan 叶旭全

Surname 姓氏

Other names 名字

N/A	N/A
-----	-----

Alias (if any) 別名 (如有的話)

Previous Names 前用姓名

Address 地址

Room 2207, 2, Macdonnell Road, Hong Kong
--

Identification 身份證明

a Hong Kong Identity Card
or Company Number

香港身份證號碼或公司編號

R004702(2)	N/A
------------	-----

I.D. Card Number 身份證號碼

Company Number 公司編號

b Overseas Passport

海外護照

N/A	N/A
-----	-----

Number 號碼

Issuing Country 簽發國家

Capacity 身份

☒

Director 董事

☐

Alternate Director to 替代董事

--



Companies Registry
公司註冊處

Form
表格 AR1

Annual Return

周年申報表

Continuation Sheet B (Sheet 5 of 5)
續頁 B 第 5 頁(共 5 頁)

Date of Return 本申報表日期

Company Number 公司編號

DD 日	MM 月	YYYY 年
31	05	2002

31340

Details of Directors (Section 10 of main form) 董事詳情 (表格第 10 項)

1 Name 姓名

Zhai Zhiming 翟 治明

Surname 姓氏

Other names 名字

N/A	N/A
-----	-----

Alias (if any) 別名 (如有的話)

Previous Names 前用姓名

Address 地址

Flat G, 5/F., Sun Shine Mansion, 27-29 Queen's Road West, Hong Kong

Identification 身份證明

a Hong Kong Identity Card
or Company Number

香港身份證號碼或公司編號

R023093(5)	N/A
------------	-----

I.D. Card Number 身份證號碼

Company Number 公司編號

b Overseas Passport
海外護照

N/A	N/A
-----	-----

Number 號碼

Issuing Country 簽發國家

Capacity 身份

☒

Director 董事

☐

Alternate Director to 替代董事

--

2 Name 姓名

Zhang Yaping 張 亞平

Surname 姓氏

Other names 名字

N/A	N/A
-----	-----

Alias (if any) 別名 (如有的話)

Previous Names 前用姓名

Address 地址

Flat F, 39th Floor, Block 2, Centenary Mansion, 1 Victoria Road, Hong Kong
--

Identification 身份證明

a Hong Kong Identity Card
or Company Number

香港身份證號碼或公司編號

P006038(4)	N/A
------------	-----

I.D. Card Number 身份證號碼

Company Number 公司編號

b Overseas Passport
海外護照

N/A	N/A
-----	-----

Number 號碼

Issuing Country 簽發國家

Capacity 身份

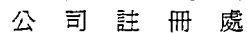
☒

Director 董事

☐

Alternate Director to 替代董事

--



31 05 2002

DD 日 MM 月 YYYY 年

周年申報表

附表一 第 1 頁 (共 2 頁)

Company Number 公司編號

3 1340

(關於由上一份申報表日期以來公司股本結構的任何變動詳情，請參閱表格第 7 項)

Share Class	股份類別	Ordinary Shares
-------------	------	-----------------

Total
總數

1. The total shares in the 'Current Holding' for each class of share must agree with the total for that class in Section 7 of the Return.
每類別股份的「現時持有量」總數必須與申報表第7項所填該類別的總數相符。
2. The number of shares transferred since the last Return should be shown for each existing or ex-member.
應說明每名現任成員或前任成員由上次申報以來所轉讓的股份數目。



Companies Registry
公司註冊處

Form
表格

AR1

Annual Return

周年申報表

Schedule 1 (Page 2 of 2)
附表一 第2頁(共2頁)

Date of Return 本申報表日期

DD 日	MM 月	YYYY 年
31	05	2002

Company Number 公司編號

31340

Details of Members 成員詳情

(See Section 7 of the main form for details of any change to the structure of the Company's Share Capital since the date of the last Return)

(關於由上一份申報表日期以來公司股本結構的任何變動詳情，請參閱表格第7項)

Share Class 股份類別 Preference Shares

Name 姓名	Address 地址	Shares 股份			Remarks 備註
		Current Holding 現時持有量	Transferred 轉讓		
			Number 數目	Date 日期	
Citibank, N.A.	111 Wall Street, New York, New York 10043, U.S.A.	85,949			
Total 總數		85,949			

Notes 註:

- The total shares in the 'Current Holding' for each class of share must agree with the total for that class in Section 7 of the Return.
每類別股份的「現時持有量」總數必須與申報表第7項所填該類別的總數相符。
- The number of shares transferred since the last Return should be shown for each existing or ex-member.
應說明每名現任成員或前任成員由上次申報以來所轉讓的股份數目。



Companies Registry
公司註冊處

Form
表格 AR1
Annual Return
周年申報表

Schedule 2 (Page 1 of 1)
附表二 第 1 頁 (共 1 頁)

Date of Return 本申報表日期

DD 日	MM 月	YYYY 年
31	05	2002

Company Number 公司編號

31340

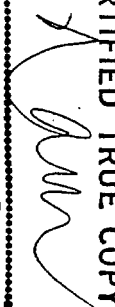
Changes to the structure of the Company's Share Capital since the date of the last Return (Section 7 of main form)
關於由上一份申報表日期以來公司股本結構的任何變動詳情(請參閱表格第 7 項)

Class of Shares 股份類別	Change 變動情況
Ordinary Shares	Allotment of 263,250,000 Ordinary Shares of HK\$0.50 each at a price of HK\$0.80 per Ordinary Share on 30th November, 2001.
Ordinary Shares	Allotment of 11,900,000 Ordinary Shares of HK\$0.50 each at a price of HK\$0.5312 per Ordinary Share on 3rd May, 2002.

Notes 註:

- The total shares in the 'Current Holding' for each class of share must agree with the total for that class in Section 7 of the Return.
每類別股份的「現時持有量」總數必須與申報表第 7 項所填該類別的總數相符。
- The number of shares transferred since the last Return should be shown for each existing or ex-member.
應說明每名現任成員或前任成員由上次申報以來所轉讓的股份數目。

GUANGDONG INVESTMENT LIMITED
INTERESTS IN SUBSIDIARIES AS AT 31 DECEMBER 2001

CERTIFIED TRUE COPY

.....
Secretary

Company	Place of incorporation/ registration and operation	Issued share capital, registered/paid-up capital	Percentage of attributable equity interest held by	Principal activities
Company Group				
Admopeace Properties Limited 頌琪置業有限公司	Hong Kong	HK\$2 Ordinary HK\$10,002 Non-voting deferred	- 100%	Dormant
Alpha Universal Limited	British Virgin Islands	US\$10	- 42.94%	Investment holding
Baligold Developments Limited	British Virgin Islands	US\$1	- 72%	Investment holding
Bateson Developments Limited	British Virgin Islands/ Hong Kong	US\$9 Ordinary US\$91 Non-voting deferred	100% 100%	Property investment
Bremer Enterprises Limited	British Virgin Islands	US\$10,000	- 100%	Investment holding
Brilliant (HK) Development Limited 鴻威(香港)發展有限公司	Hong Kong	HK\$2	- 100%	Property investment

GUANGDONG INVESTMENT LIMITED
INTERESTS IN SUBSIDIARIES AS AT 31 DECEMBER 2001

Company	Place of incorporation/ registration and operation	Issued share capital, registered/paid-up capital	Percentage of		Principal activities
			attributable equity interest held by Company	Group	
Brodrick Developments Ltd.	British Virgin Islands	US\$39	74.36%	74.36%	Dormant
Bush Row Limited	British Virgin Islands/ Mainland China	US\$1	-	100%	Property investment
Cadenza Limited	British Virgin Islands	US\$1	100%	100%	Finance services
Central China (Asia) Investment Limited 華中(亞洲)投資有限公司	Hong Kong	HK\$10,000	-	72%	Investment holding
Century Asia Enterprises Limited 世亞企業有限公司	Hong Kong	HK\$3	-	100%	Property investment
Chapel Hill Developments Limited	British Virgin Islands	US\$100	-	71.56%	Holder of trademarks
Choiyick Properties Limited	British Virgin Islands/ Mainland China	US\$1	-	100%	Property investment
Classic Buy Limited	British Virgin Islands/ Mainland China	US\$1	-	100%	Property investment

GUANGDONG INVESTMENT LIMITED
INTERESTS IN SUBSIDIARIES AS AT 31 DECEMBER 2001

Company	Place of incorporation/ registration and operation	Issued share capital, registered/paid-up capital	Percentage of attributable equity interest held by	Principal activities
			Company	Group
Crown Right Development Limited 植緯發展有限公司	Hong Kong	HK\$2	-	72% Investment holding
Crown South (Hong Kong) Limited 南冠(香港)有限公司	Hong Kong	HK\$2	-	71.56% Sale of leather ware products
Darry Investment Limited 達怡投資有限公司	Hong Kong	HK\$2	100%	100% Property holding
Dickens Investment Limited	Hong Kong	HK\$2	100%	100% Investment holding
Dragon Light Investments Ltd.	British Virgin Islands	US\$1	100%	100% Investment holding
Ease Court Investment Limited 怡庭投資有限公司	Hong Kong	HK\$100 Ordinary HK\$2 Non-voting deferred	-	72% Investment holding
Fairford Investment Limited 輝福投資有限公司	Hong Kong	HK\$2	-	100% Dormant

GUANGDONG INVESTMENT LIMITED
INTERESTS IN SUBSIDIARIES AS AT 31 DECEMBER 2001

Company	Place of incorporation/ registration and operation	Issued share capital, registered/paid-up capital	Percentage of attributable equity interest held by	Principal activities
			Company Group	
Fason Properties Limited 輝盛置業有限公司	Hong Kong	HK\$2	- 100%	Property holding
Fill Success Investments Limited 照成投資有限公司	Hong Kong	HK\$2 Ordinary HK\$2 Non-voting deferred	- 100%	Hotel ownership
Fonmo International Industrial Limited 冠峰國際實業有限公司	Hong Kong	HK\$2	- 42.94%	Sale of leather ware products
GH Water Supply (Holdings) Limited	Cayman Islands	HK\$1,000,000 HK\$100 Class A special share HK\$10 Class B special share	81.43% 81.43%	Investment holding
Gala Win Investment Limited 加榮投資有限公司	Hong Kong	HK\$2	- 100%	Dormant
Gastor Enterprises Limited	British Virgin Islands	US\$150	- 71.56%	Investment holding

GUANGDONG INVESTMENT LIMITED
INTERESTS IN SUBSIDIARIES AS AT 31 DECEMBER 2001

Company	Place of incorporation/ registration and operation	Issued share capital, registered/paid-up capital	Percentage of		Principal activities
			attributable equity interest held by	Company Group	
Goater Limited	British Virgin Islands/ Thailand	US\$1	-	100%	Property investment
Gold Star Assets Limited 金聲資產有限公司	Hong Kong	HK\$2	-	71.56%	Property investment
Golden Path Holdings Limited	British Virgin Islands	US\$1	100%	100%	Dormant
Golden Way Investments Limited	Liberia	US\$1	100%	100%	Investment holding
Goldworld Property Investments Limited 金偉置業投資有限公司	Hong Kong	HK\$3	-	100%	Dormant
Grammie Profits Limited	British Virgin Islands	US\$1	100%	100%	Investment holding
Grand Choice Investments Limited	British Virgin Islands/ Thailand	US\$1	-	100%	Property investment

GUANGDONG INVESTMENT LIMITED
INTERESTS IN SUBSIDIARIES AS AT 31 DECEMBER 2001

Company	Place of incorporation/ registration and operation	Issued share capital, registered/paid-up capital	Percentage of attributable equity interest held by	Principal activities
Company	Company	Group		
Grand Plan Industries Limited 廣圖實業有限公司	Hong Kong	HK\$2	- 100%	Dormant
Guang Dong Nanhua Cement Limited 廣東南華水泥有限公司	Mainland China	RMB500,000,000	- 70%	Manufacture of cement
* 廣東天貿(集團)股份有限公司 (Guang Dong Teem (Holdings) Ltd.)	Mainland China	RMB840,000,000	8.77% 62.77%	Property investment and investment holding
Guangdong Brewery Holdings Limited	Bermuda/Hong Kong	HK\$125,000,000	72% 72%	Investment holding
Guangdong Brewery (Nominees) Limited 粵海啤酒(代理人)有限公司	Hong Kong	HK\$2	- 72%	Nominees services
Guangdong Construction Materials (International) Limited 粵海建材(國際)有限公司	Hong Kong	HK\$2	- 100%	Investment holding

GUANGDONG INVESTMENT LIMITED
INTERESTS IN SUBSIDIARIES AS AT 31 DECEMBER 2001

Company	Place of incorporation/ registration and operation	Issued share capital, registered/paid-up capital	Percentage of attributable equity interest held by	Principal activities
			Company Group	
Guangdong Enterprises (North America) Fur Holdings Limited	Canada	CAD10,000	- 71.56%	Investment holding
Guangdong (H.K.) Tours Company Limited	Hong Kong	HK\$3,500,000 Ordinary	100%	Travel services
廣東(香港)旅遊有限公司		HK\$2,000,000 Non-voting deferred		
Guangdong Hi-Tech Advertising Co., Ltd. 廣東高科廣告有限公司	Mainland China	US\$1,050,000	- 70%	Manufacture of advertising
Guangdong Hotel Limited 粵海酒店有限公司	Hong Kong	HK\$2 Ordinary HK\$5,000,000 Non-voting deferred	- 100%	Hotel ownership and operation
Guangdong (International) Hotel Management Limited 粵海(國際)酒店管理有限公司	Hong Kong	HK\$10,000	100%	Hotel management
Guangdong Investment Finance (Cayman) Limited	Cayman Islands	US\$2	100%	Provision of finance to the Group

GUANGDONG INVESTMENT LIMITED
INTERESTS IN SUBSIDIARIES AS AT 31 DECEMBER 2001

Company	Place of incorporation/ registration and operation	Issued share capital, registered/paid-up capital	Percentage of attributable equity interest held by	Principal activities
Company	Company	Group		
Guangdong Investment (Nominees) Limited 粵海投資(代理人)有限公司	Hong Kong	HK\$2	100% 100%	Nominees services
Guangdong Investment Property Management Company Limited 粵海投資物業管理有限公司	Hong Kong	HK\$2	100% 100%	Property management
Guangdong Kingway Sales Limited 粵海金威銷售有限公司	Hong Kong	HK\$2	- 72%	Sale and marketing of beer
Guangdong Mobile Communications Limited 粵海移動通訊有限公司	Hong Kong	HK\$2	100% 100%	Dormant
Guangdong Nan Fang (Holdings) Co. Ltd.	British Virgin Islands/ Mainland China	US\$10,000	56.34% 56.34%	Property investment
Guangdong Parking Limited	British Virgin Islands/ Hong Kong	US\$10	- 60%	Property investment

GUANGDONG INVESTMENT LIMITED
INTERESTS IN SUBSIDIARIES AS AT 31 DECEMBER 2001

Company	Place of incorporation/ registration and operation	Issued share capital, registered/paid-up capital	Percentage of attributable equity interest held by		Principal activities
			Company	Group	
Guangdong Power (International) Limited	British Virgin Islands/ Hong Kong	US\$44,078,850	51%	51%	Investment holding
Guangdong Properties Holdings Limited 粵海地產發展有限公司	Hong Kong	HK\$2	100%	100%	Investment holding
Guangdong Property Agency Limited 粵海物業代理有限公司	Hong Kong	HK\$300,000	-	100%	Property agent
Guangdong Tannery Limited 粵海制革有限公司	Hong Kong	HK\$52,415,400	71.56%	71.56%	Investment holding
Guangdong Tannery (Nominees) Limited 粵海制革(代理人)有限公司	Hong Kong	HK\$2	-	71.56%	Nominee services

GUANGDONG INVESTMENT LIMITED
INTERESTS IN SUBSIDIARIES AS AT 31 DECEMBER 2001

Company	Place of incorporation/ registration and operation	Issued share capital, registered/paid-up capital	Percentage of attributable equity interest held by	Principal activities
			Company Group	
* 廣東天貿娛樂有限公司 (Guangdong Teem Amusement Co. Ltd.)	Mainland China	RMB5,000,000	- 62.77%	Operation of game centre
* 廣東天貿百貨有限公司 (Guangdong Teem Department Store Limited)	Mainland China	RMB25,000,000	- 62.77%	Investment holding
Guangdong Teem (Holdings) Hong Kong Limited 廣東天貿(集團)香港有限公司	Hong Kong	HK\$9,000	- 62.77%	Dormant
* 廣東天貿南方大廈百貨有限公司 (Guangdong Teem Nanda Department Stores Ltd.)	Mainland China	RMB8,000,000	- 76.92%	Department stores operations
* 廣東天貿物業管理有限公司 (Guangdong Teem Properties Management Limited)	Mainland China	RMB4,000,000	- 62.77%	Property management
Guangdong Teem Real-Estate Co. Ltd. 廣東天貿房地產有限公司	Mainland China	RMB50,000,000	- 62.77%	Property investment

GUANGDONG INVESTMENT LIMITED
INTERESTS IN SUBSIDIARIES AS AT 31 DECEMBER 2001

Company	Place of incorporation/ registration and operation	Issued share capital, registered/paid-up capital	Percentage of attributable equity interest held by	Principal activities
			Company Group	
Guangdong Tours Transportation Limited 廣旅運輸有限公司	Hong Kong	HK\$100,000	- 100%	Provision of transportation services
Guangdong Transport (New Pak Kong Bridge) Limited	British Virgin Islands	US\$1	100% 100%	Dormant
Guangdong Weida Holdings Limited 粵海威達控股有限公司	Hong Kong	HK\$2	100% 100%	Dormant
Guangdong Yingde Highway Ltd. 英德海英公路有限公司	Mainland China	RMB93,200,000	- 70%	Highway operations
* 廣東粵港供水有限公司 (Guangdong Yue Gang Water Supply Company Limited)	Mainland China	HK\$6,116,000,000	- 80.62%	Water supply business
Guangdong Yuehai Construction Materials Co., Ltd. 廣東粵海建材有限公司	Mainland China	RMB1,400,000	- 100%	Retailing of cement

GUANGDONG INVESTMENT LIMITED
INTERESTS IN SUBSIDIARIES AS AT 31 DECEMBER 2001

Company	Place of incorporation/ registration and operation	Issued share capital, registered/paid-up capital	Percentage of attributable equity interest held by	Principal activities
			Company Group	
Guangzhou Maling Co., Ltd. 廣州麥芽有限公司	Mainland China	RMB108,840,000	- 51.60%	Manufacture of malt
* 廣州天貿房地產有限公司 (Guangzhou Teem Real-Estate Company Limited)	Mainland China	RMB10,000,000	- 62.77%	Dormant
Guangzhou Yangcheng Maling Plant 廣州羊城麥芽廠	Mainland China	US\$11,000,000	- 51.60%	Manufacture of malt
Harbour Bright Enterprises Limited 港亮企業有限公司	Hong Kong	HK\$100 Ordinary HK\$2 Non-voting deferred	- 72%	Investment holding
Harbour Hill International Limited 港峰國際有限公司	Hong Kong	HK\$1,000,000	- 71.56%	Import and export trade
Harcourt Enterprises Limited	British Virgin Islands	US\$1	100% 100%	Investment holding
Helmuth Enterprises Limited	British Virgin Islands	US\$1	- 72%	Investment holding

GUANGDONG INVESTMENT LIMITED
INTERESTS IN SUBSIDIARIES AS AT 31 DECEMBER 2001

Company	Place of incorporation/ registration and operation	Issued share capital, registered/paid-up capital	Percentage of attributable equity interest held by	Principal activities
			Company Group	
High Return Enterprises Limited	British Virgin Islands/ Mainland China	US\$2	- 56.34%	Property investment
Hillseed Investment Limited 建實投資有限公司	Hong Kong	HK\$10,000	- 100%	Dormant
Hong Kong Bus Company Limited	Hong Kong	HK\$10	- 100%	Provision of transportation services
Hong Kong Guangdong Highway Limited 香港廣東高速公路有限公司	Hong Kong	HK\$2	100% 100%	Investment holding
Honour Million Industries Limited 鴻萬實業有限公司	Hong Kong	HK\$1,000	- 83.60%	Investment holding
惠陽粵海房產發展有限公司 * (Hui Yang Yue Hai Real Estate Development Ltd.)	Mainland China	RMB75,000,000	- 80%	Property investment
Jadeford Investments Limited	British Virgin Islands	US\$1	- 71.56%	Investment holding

GUANGDONG INVESTMENT LIMITED
INTERESTS IN SUBSIDIARIES AS AT 31 DECEMBER 2001

Company	Place of incorporation/ registration and operation	Issued share capital, registered/paid-up capital	Percentage of attributable equity interest held by	Principal activities
			Company Group	
Jaromet Limited 真隆有限公司	Hong Kong	HK\$500,000	- 62.77%	Property investment
Jetair Investments Limited	British Virgin Islands/ Thailand	US\$1	- 100%	Property investment
Kan Park Holdings Limited	British Virgin Islands	US\$2	- 100%	Investment holding
Keysworth Limited	British Virgin Islands	US\$1	- 100%	Investment holding
Kwok Wing (Hong Kong) Leather Ware Company Limited 國穎(香港)皮具有限公司	Hong Kong	HK\$2	- 71.56%	Investment holding
Link First Investments Limited	British Virgin Islands	US\$1	100% 100%	Investment holding
Macao Hong Fai Travel Tour Agency Limited 澳門康輝旅行社有限公司 (formerly known as Chin Cheng Travel Tour Agency Limited) (前稱前程旅行社有限公司)	Macao	MOP1,000,000	- 100%	Travel services

GUANGDONG INVESTMENT LIMITED
INTERESTS IN SUBSIDIARIES AS AT 31 DECEMBER 2001

Company	Place of incorporation/ registration and operation	Issued share capital, registered/paid-up capital	Percentage of attributable equity interest held by	Principal activities
Company	Company	Group		
May Hoff Limited	British Virgin Islands/ Mainland China	US\$1	- 100%	Property investment
Mei Sun Tourist Bus Services Limited 美新團旅運有限公司	Hong Kong	HK\$500,000	- 100%	Provision of transportation services
Morefit Limited	British Virgin Islands	US\$1	- 72%	Investment holding
Mountain View Developments Limited	British Virgin Islands	US\$1	- 72%	Investment holding
Nanhai Tannery & Leather Products Co. Ltd. 南海皮廠有限公司	Mainland China	US\$8,000,000	- 71.56%	Processing of cowhides and leather trading
Nanhua Cement (HK) Limited 南華水泥(香港)有限公司	Hong Kong	HK\$50,000	- 35.70%	Dormant
National Capital Limited	Hong Kong	HK\$2	100% 100%	Dormant

GUANGDONG INVESTMENT LIMITED
INTERESTS IN SUBSIDIARIES AS AT 31 DECEMBER 2001

Company	Place of incorporation/ registration and operation	Issued share capital, registered/paid-up capital	Percentage of attributable equity interest held by		Principal activities
			Company	Group	
New Cathay Hotel Limited 新國泰酒店有限公司	Hong Kong	HK\$2 Ordinary HK\$200,000 Non-voting deferred	-	100%	Dormant
New Chance Investments Limited	Liberia	US\$1	100%	100%	Investment holding
New China Success Limited 新中成有限公司	Hong Kong	HK\$2	100%	100%	Investment holding
Ningbo Maling Co., Ltd. 寧波麥芽有限公司	Mainland China	US\$16,000,000	-	51.00%	Manufacture of malt
番禺協聯皮具有限公司	Mainland China	US\$780,000	-	42.94%	Manufacture and sale of leather ware products
番禺國穎皮具手袋有限公司	Mainland China	HK\$5,650,000	-	71.56%	Manufacture and sale of leather ware products
Prized Time Limited	British Virgin Islands/ Mainland China	US\$2	-	71.56%	Property investment

GUANGDONG INVESTMENT LIMITED
INTERESTS IN SUBSIDIARIES AS AT 31 DECEMBER 2001

Company	Place of incorporation/ registration and operation	Issued share capital, registered/paid-up capital	Percentage of attributable equity interest held by	Principal activities
			Company Group	
Prize Winning Enterprises Limited	British Virgin Islands	US\$1	- 100%	Dormant
Pro Health Limited	British Virgin Islands/ Mainland China	US\$1	- 100%	Property investment
Prospect Top Developments Limited 培傑發展有限公司	Hong Kong	HK\$30,000,000	- 51.00%	Investment holding
Prosperous Dragon Limited 繁茂有限公司	Hong Kong	HK\$2	- 100%	Investment holding
Qingdao Nanhai Tannery Co., Ltd. 青島南海皮廠有限公司	Mainland China	US\$2,500,000	- 71.56%	Processing of cowhides and leather trading
Raster Developments Limited	British Virgin Islands	US\$1	100% 100%	Dormant
Rich Glory Investments Limited	British Virgin Islands/ Thailand	US\$1	- 100%	Property investment
Roninger Limited	British Virgin Islands/ Thailand	US\$1	- 100%	Property investment

GUANGDONG INVESTMENT LIMITED
INTERESTS IN SUBSIDIARIES AS AT 31 DECEMBER 2001

Company	Place of incorporation/ registration and operation	Issued share capital, registered/paid-up capital	Percentage of attributable equity interest held by	Principal activities
		Company	Group	
Sea Mind Industries Limited 海思實業有限公司	Hong Kong	HK\$2	- 100%	Dormant
Sen International Ventures Corporation (Hong Kong) Limited	Hong Kong	HK\$2	- 100%	Hotel operation
Shaoguan Power Plant (D) Ltd. 韶關發電D廠有限公司	Mainland China	US\$51,500,000	- 45.90%	Power plant operation
深圳粵海酒店企業有限公司 (Shenzhen Guangdong Hotel Enterprise Ltd.)	Mainland China	HK\$114,787,016	99% 99%	Hotel ownership and operation
Shenzhen Kingway Brewery Co., Ltd. 深圳金威啤酒有限公司	Mainland China	US\$50,000,000	- 68.40%	Production, distribution and sale of beer and investment holding
Shenzhen Kingway Brewing Co., Ltd. 深圳金威啤酒釀造有限公司	Mainland China	US\$12,000,000	- 62.64%	Production, distribution and sale of beer

GUANGDONG INVESTMENT LIMITED
INTERESTS IN SUBSIDIARIES AS AT 31 DECEMBER 2001

Company	Place of incorporation/ registration and operation	Issued share capital, registered/paid-up capital	Percentage of attributable equity interest held by	Principal activities
			Company Group	
Shenzhen Kingway Packaging Co., Ltd. 深圳金威啤酒包裝有限公司	Mainland China	US\$12,000,000	- 62.64%	Provision of bottling and packaging services
Shenzhen Kingway Utility Co., Ltd. 深圳金威啤酒公用工程有限公司	Mainland China	US\$12,000,000	- 62.64%	Provision of utilities services
Sino Pacific Management Limited	Hong Kong	HK\$2	- 60%	Property management
Sladen Investment Limited 禮登投資有限公司	Hong Kong	HK\$2	100% 100%	Provision of treasury services to group companies
Sun Maie Properties Limited	British Virgin Islands/ Mainland China	US\$1	- 100%	Property investment
Sun Po (Hong Kong) Leather Ware Company Limited 新寶(香港)皮具有限公司	Hong Kong	HK\$2	- 71.56%	Property investment
Supertime Development Limited 永順泰發展有限公司	Hong Kong	HK\$30,000,000	100% 100%	Investment holding

GUANGDONG INVESTMENT LIMITED
INTERESTS IN SUBSIDIARIES AS AT 31 DECEMBER 2001

Company	Place of incorporation/ registration and operation	Issued share capital, registered/paid-up capital	Percentage of attributable equity interest held by	Principal activities
			Company Group	
Suzhou Yuehai Real Estate Development Co., Ltd. 蘇州粵海房地產開發有限公司	Mainland China	US\$6,000,000	100% 100%	Property investment
Teckford Investments Limited	British Virgin Islands/ Thailand	US\$1	- 100%	Property investment
Teem Holdings Limited	British Virgin Islands	US\$71,400,001	63.53% 63.53%	Investment holding
Teem Luck Investments Limited	British Virgin Islands/ Thailand	US\$1	- 100%	Property investment
Texman Limited	British Virgin Islands/ Thailand	US\$1	- 100%	Property investment
Time Wise Profits Limited	British Virgin Islands	US\$1	- 71.56%	Import and export trade
Treasure World Industries Limited 廣財實業有限公司	Hong Kong	HK\$2	- 100%	Dormant
Trout Limited	British Virgin Islands/ Mainland China	US\$1	- 100%	Property investment

GUANGDONG INVESTMENT LIMITED
INTERESTS IN SUBSIDIARIES AS AT 31 DECEMBER 2001

Company	Place of incorporation/ registration and operation	Issued share capital, registered/paid-up capital	Percentage of attributable equity interest held by	Principal activities
Company	Group			
Twinesplce Properties Limited 立昇置業有限公司	Hong Kong	HK\$100,000	- 100%	Dormant
Ugain Properties Limited	British Virgin Islands/ Mainland China	US\$1	- 100%	Property investment
Union Harmony Limited 宇鴻有限公司	Hong Kong	HK\$2	- 100%	Dormant
Unique Great Corp.	British Virgin Islands	US\$1	- 100%	Import and export of barley
Vermont Property Limited	British Virgin Islands	US\$1	- 71.56%	Investment holding
World Light Investments Limited	British Virgin Islands/ Thailand	US\$1	- 100%	Property investment
Xuzhou Gangwei Colour Package Co., Ltd. 徐州港威彩色包裝有限公司	Mainland China	RMB50,000,000	- 71.56%	Manufacture and sale of packaging materials
Xuzhou Nanhai Leather Factory Co., Ltd. 徐州南海皮廠有限公司	Mainland China	US\$5,000,000	- 71.56%	Processing of cowhides and leather trading

GUANGDONG INVESTMENT LIMITED
INTERESTS IN SUBSIDIARIES AS AT 31 DECEMBER 2001

Company	Place of incorporation/ registration and operation	Issued share capital, registered/paid-up capital	Percentage of attributable equity interest held by	Principal activities
			Company	Group
Yau Fung Tours and Transportation Company Limited 有豐旅遊運輸有限公司	Hong Kong	HK\$3,000,000	-	100% Provision of transportation services
Yieldfull Limited	British Virgin Islands/ Thailand	US\$1	-	100% Property investment
Yue Hai Hotel, Zhuhai 珠海粵海酒店	Mainland China	US\$10,000,000	-	100% Hotel ownership and operation
Yuehai Real Estate Company Limited Qingyuan 清遠粵海房地產有限公司	Mainland China	RMB69,438,000	-	65% Property development
Yue Sheng Finance Limited 粵昇財務有限公司	Hong Kong	HK\$2	100%	100% Finance and investment
中山藝都旅游品有限公司 (Zhongshan Eagle Tourists Gifts Company Limited)	Mainland China	RMB11,000,000	-	100% Manufacture of tourists accessory

GUANGDONG INVESTMENT LIMITED
INTERESTS IN SUBSIDIARIES AS AT 31 DECEMBER 2001

Company	Place of incorporation/ registration and operation	Issued share capital, registered/paid-up capital	Percentage of attributable equity interest held by	Principal activities
			Company Group	
Zhongshan Power (Hong Kong) Limited 中山電力(香港)有限公司	Hong Kong	HK\$100	95% 95%	Investment holding
Zinfan Limited	British Virgin Islands/ Thailand	US\$1	- 100%	Property investment

* English translation of the official Chinese name of the individual company

GUANGDONG INVESTMENT LIMITED
INTERESTS IN ASSOCIATED COMPANIES AS AT 31 DECEMBER 2001

Company	Place of incorporation/ registration	Percentage of attributable equity interest held by	Principal activities
		Company Group	
Beijing-Zhuhai Expressway Guangzhou-Zhuhai Section Company Limited 京珠高速公路廣珠段有限公司	Mainland China	- 25%	Investment in highway projects
Essential Holdings Limited	British Virgin Islands	- 22.90%	Investment holding
Guangdong Jusco Teem Stores Co. Ltd. 廣東吉之島天貿百貨有限公司	Mainland China	- 21.97%	Retailing
Guangdong Power Investment Limited	British Virgin Islands	49% 49%	Investment holding
廣州市粵海物業中介有限公司 * (Guangdong Real Estate Agency Limited)	Mainland China	- 39.92%	Dormant
廣東韶關粵江發電有限責任公司 * (Guangdong Shaoguan Yue Jiang Power Supply Limited)	Mainland China	- 11.48%	Power plant operation

GUANGDONG INVESTMENT LIMITED
INTERESTS IN ASSOCIATED COMPANIES AS AT 31 DECEMBER 2001

Company	Place of incorporation/ registration	Percentage of attributable equity interest held by Company Group	Principal activities
Guangdong Yuejia Electric Power Co., Ltd. 廣東粵嘉電力有限公司	Mainland China	12.25%	Power plant operation
廣州市番禺粵海房地產有限公司 * (Guangzhou Panyu Yue Hai Real Estate Limited)	Mainland China	- 24.8%	Property investment and development
廣州市番禺麗江花園物業管理有限公司 * (Panyu Riverside Garden Property Management Limited)	Mainland China	- 19.84%	Property management
Hennessy International Group, Inc.	U.S.A.	- 23.85%	Trading of furs, leather and other outerwear
New World - Guangdong Highway Investments Co. Limited 新粵公路建設有限公司	Hong Kong	- 50%	Investment in highway projects

GUANGDONG INVESTMENT LIMITED
INTERESTS IN ASSOCIATED COMPANIES AS AT 31 DECEMBER 2001

Company	Place of incorporation/ registration	Percentage of attributable equity interest held by	Principal activities
		Company Group	
廣州新時代快車有限公司 * (New Flash Transportation (Guangzhou) Co. Ltd.)	Mainland China	- 46%	Provision of transportation services
Shandong Huazhong Amber Brewery Co., Ltd. 山東華中琥珀啤酒有限公司	Mainland China	- 36%	Production, distribution and sale of beer
Wing Wong Properties Limited 永旺置業有限公司	Hong Kong	- 50%	Investment holding
陽江市江城天貿置業發展公司 * (Yang Jiang City Jiang Cheng Teem Property Development Co. Ltd.)	Mainland China	- 31.39%	Property investment

GUANGDONG INVESTMENT LIMITED
INTERESTS IN ASSOCIATED COMPANIES AS AT 31 DECEMBER 2001

Company	Place of incorporation/ registration	Percentage of attributable equity interest held by		Principal activities
		Company	Group	
Zhongsan Investment Limited 中山投資有限公司	Hong Kong	38.40%	38.40%	Investment holding
Zhongsan Weili Washing Machine Limited 中山威力洗衣機有限公司	Mainland China	-	36.48%	Manufacture and sale of washing machines

* *English translation of the official Chinese name of the individual company*

GUANGDONG INVESTMENT LIMITED
INTERESTS IN A JOINTLY CONTROLLED ENTITY AS AT 31 DECEMBER 2001

Company	Place of incorporation/ registration and operation	Issued and paid-up capital	Percentage of attributable equity interest held by the Group	Principal activities
Guangdong Humen Bridge Company Limited 廣東虎門大橋有限公司	Mainland China	RMB273,900,000	15.30%	Investment in bridge
Guangdong Qinglian Highway Development Company Ltd. 廣東清連公路發展有限公司	Mainland China	RMB1,200,000,000	7.23%	Investment in road
Guangdong Guangshan Highway Huizhou Section Co., Ltd. 廣東廣汕公路惠州段有限公司	Mainland China	RMB202,646,700	26.01%	Investment in road
Guangdong Shantou Bay Bridge Co., Ltd. 廣東汕頭海灣大橋有限公司	Mainland China	RMB75,000,000	15.30%	Investment in bridge
Guangdong Transport Investment (BVI) Company Limited	British Virgin Islands/ Hong Kong	US\$100,000	51%	Investments in highway and bridge projects
Sun Yue Traffic Development Limited 新粵交通發展有限公司	Hong Kong	HK\$2	51%	Investment in road project
Xin Yue Guangshan Company Limited	British Virgin Islands	US\$1	51%	Investment in road project

GUANGDONG INVESTMENT LIMITED
INTERESTS IN A JOINTLY CONTROLLED ENTITY AS AT 31 DECEMBER 2001

Company	Place of incorporation/ registration and operation	Issued and paid-up capital	Percentage of attributable equity interest held by the Group	Principal activities
Xin Yue Haiwan Company Limited	British Virgin Islands	US\$1	51%	Investment in bridge project
Xin Yue Humen Company Limited	British Virgin Islands	US\$1	51%	Investment in bridge project
Xin Yue Qinglian Company Limited	British Virgin Islands	US\$1	51%	Investment in road project



Companies Registry
公司註冊處

Form
表格

SC1

EXEMPTION NO.
82-3772

02 SEP -3 AM 11:21

Return of Allotments
股份分配申報表

Company Number 公司編號

31340

1 Company Name 公司名稱

GUANGDONG INVESTMENT LIMITED 粵海投資有限公司

2 Date(s) of Allotment 分配日期 (Note 註 2)

07 06 2002

DD 日 MM 月 YYYY 年

To
至

- - -

DD 日 MM 月 YYYY 年

3 Totals of this Allotment 此股份分配的總款額:-

Nominal Amount Paid and Payable 已繳及應繳的總面額 (Note 註 3)

HK\$

200,000.00

Premium Amount Paid and Payable [(A) + (B)] 已繳及應繳的溢價總額 [(A) + (B)] HK\$

12,480.00

4 Cumulative Total of Paid-up Capital (Including this Allotment)

累積繳足股款總額 (包括此分配)

HK\$

2,572,641,336.00

US\$

85,949.00

5 Shares Allotted for Cash 用現金支付的分配股份

Class of Shares 股份類別	No. of Shares Allotted 獲分配的股份數目	Nominal Value of Each Share 每股的面值	Amount Paid and Payable on Each Share 每股已/應繳付的款額		Premium on Each Share 每股的溢價款額	Total Premium Paid and Payable (A) 已繳及應繳的溢價總款額
			Paid 已繳付	Payable 應繳付		
Ordinary Shares	400,000	HK\$0.50	HK\$0.5312	-	HK\$0.0312	HK\$12,480.00

Presenter's Name and Address

提交人的姓名及地址

TENGIS LIMITED
4/F HUTCHISON HOUSE
10 HARCOURT ROAD
CENTRAL HONG KONG

OUR REF:

For Official Use

請勿填寫本欄

Your Receipt

Companies Registry
H.K.

16/07/2002

DD421995

CR No. :

-031340-

Sh. Form :

SC1

08

\$13.00

Return of Allotments 股份分配申報表

Company Number 公司編號

31340

Page 2 第二頁

6 Shares Allotted for other than Cash 非現金支付的分配股份 (Note 註 4)

Class of Shares 股份類別	No. of Shares Allotted 獲分配的股份數目	Nominal Value of Each Share 每股的面值	Amount Treated As Paid on Each Share 每股被視作已繳付的款額	Premium on Each Share 每股的溢價款額	Total Premium Paid and Payable (B) 已繳及應繳的溢價總款額
			N/A		

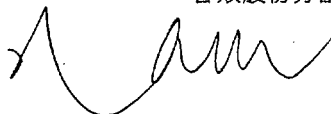
Consideration for which the Shares have been Allotted 分配上述股份的代價

N/A

7 Details of Allottees 獲分配股份者的詳情

Name, Occupation and Description 姓名／名稱，職業及描述	Address 地址	No. of Shares Allotted by Class 各類別股份分配的數目		
		Class 類別	Class 類別	Class 類別
		Ordinary		
Lau Chi Sing (Investor)	Flat 7 10/F Block G Sunshine City Ma On Shan New Territories	400,000		
Total Shares Allotted by Class 各類股份分配總額		400,000		

Signed 簽名 :



(Name 姓名): (Ho Lam Lai Ping, Theresa) Date 日期 : 15 July 2002

~~Director~~ 董事 / Secretary 秘書 *

*Delete whichever does not apply 請刪去不適用者

The Standard

7th August, 2002

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



GUANGDONG INVESTMENT LIMITED (粵海投資有限公司)

(Incorporated in Hong Kong under the Companies Ordinance, Cap. 32)

INVESTIGATION BY GD TANNERY INTO "ROGUE" OPERATIONS IN THE PEOPLE'S REPUBLIC OF CHINA & RESUMPTION OF TRADING

- GDI currently holds approximately 71.56 per cent of the issued share capital of GD Tannery.
- GDI's shareholding in GD Tannery constitutes approximately 2.6 per cent of the value of consolidated net assets of GDI as of 31 December 2001.
- The turnover of the GD Tannery Group contributed HK\$765 million to the GDI Group's turnover of HK\$7,272 million for the year ended 31 December 2001. The GDI Group's profit after tax of HK\$530 million for the year ended 31 December 2001 includes the loss after tax of the GD Tannery Group of HK\$98 million for the same period.
- GDI notes the announcement by GD Tannery of its interim results for six months ended 30 June 2002. GDI anticipates that its interim results will be announced to the public around mid September.
- GDI further notes the statement made in the announcement by GD Tannery regarding the discovery by the GD Tannery Group of 'rogue' operation in the PRC run in parallel to the legitimate operations of the GD Tannery Group's Nanhai Factory and on occasions using Nanhai Tannery's name and resources in doing so, by certain former executives of the GD Tannery Group involving various irregularities in their transactions under the applicable PRC laws and regulations.
- GDI confirms that no GDI employees or executives have been found to be involved in such rogue operations.
- GDI's board is satisfied that the matter is being properly investigated and dealt with by the board of GD Tannery.
- Ongoing operations of GDI are not materially affected.
- Further announcement, if necessary will be made in due course.
- Trading in the shares of GDI was suspended at the request of GDI with effect from 9:30 a.m. on 6 August 2002 pending the publication of its announcement regarding the investigations by GD Tannery into the rogue operation. Application has been made to The Stock Exchange of Hong Kong Limited for the resumption of trading in the shares of GDI with effect from 9:30 a.m. on 7 August 2002.
- Investors should exercise caution when dealing in shares in GDI in the meantime.

The board of the directors (the "Board") of Guangdong Investment Limited ("GDI") notes that an announcement has been made today by the board of directors of Guangdong Tannery Limited ("GD Tannery") of its interim results for the six months ended 30 June 2002.

The Board notes that whereas GD Tannery would normally defer the announcement of its interim results until the interim results of GDI and Guangdong Brewery Holdings Limited are completed so that the interim results may be announced simultaneously, in the circumstances, GD Tannery considers it appropriate not to defer GD Tannery's current interim results. The Board confirms that GDI's interim results will be announced to the public around mid September 2002.

The Board further notes the separate announcement made today by the board of directors of GD Tannery regarding the discovery by the GD Tannery Group of 'rogue' operation in the PRC run in parallel to the legitimate operations of the GD Tannery Group's Nanhai Factory and on occasions using Nanhai Tannery's name and resources in doing so, by certain former executives of the GD Tannery Group involving various irregularities in their transactions under the applicable PRC laws and regulations. The Board further notes that GD Tannery has reported the rogue operation to the relevant PRC authorities who have detained the former executives involved in the rogue operation for investigations and that this incident has given rise to the risk of claims being made by the PRC authorities against the GD Tannery Group. The Board further notes GD Tannery's announcement that it appears that the business generated by the rogue operation would not have been available to the GD Tannery Group due to the various irregularities in those transactions.

The Board further notes GD Tannery's decision not to make provision for such claims in their current consolidated interim results on the basis that such claims, if any, are reliant on the outcome of the investigations by the PRC authorities and that it would be premature, at this stage, to predict their likely outcome.

The Board is satisfied that the matter is being properly investigated and dealt with by the board of GD Tannery. The Board notes that GDI currently holds approximately 71.56 per cent of the issued share capital of GD Tannery and that GDI's shareholding in GD Tannery constitutes approximately 2.6 per cent of the value of consolidated net assets of GDI as of 31 December 2001. The turnover of the GD Tannery Group contributed HK\$765 million to the GDI Group's turnover of HK\$7,272 million for the year ended 31 December 2001. The GDI Group's profit after tax of HK\$530 million for the year ended 31 December 2001 includes the loss after tax of the GD Tannery Group of HK\$98 million for the same period. Also all that portion of the goodwill arising from the acquisition of Nanhai Tannery attributable to the GDI Group has already been written off by GDI in 1999. Accordingly, regarding the loss of the GD Tannery Group of HK\$182 million for the 6 months' period ended 30 June 2002, the impairment loss on goodwill in respect of Nanhai Tannery for approximately HK\$133 million will not have any financial impact on the GDI Group's net asset value and current results for that 6 months' period.

The Board confirms that no GDI employees or executives has been found to be involved in such rogue operations.

The Board is satisfied that the ongoing operations of GDI will not be materially affected by the matters that are the subject of the announcement by GD Tannery.

The Board will make a further announcement as soon as it considers it is able to do so.

Trading in the shares of GDI was suspended at the request of GDI with effect from 9:30 a.m. on 6 August 2002 pending the publication of its announcement regarding the investigations by GD Tannery into the rogue operation. Application has been made to The Stock Exchange of Hong Kong Limited for the resumption of trading in the shares of GDI with effect from 9:30 a.m. on 7 August 2002.

Investors should exercise caution when dealing in shares in GDI in the meantime.

By order of the Board
Li Wenyue
Chairman

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



GUANGDONG INVESTMENT LIMITED

(粵海投資有限公司)

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)

ANNOUNCEMENT

Amendments to Terms of Preference Shares

The board of directors of Guangdong Investment Limited proposes to amend the terms of the US\$125,000,000 3 1/4 per cent. redeemable cumulative convertible preference shares in the capital of Guangdong Investment Limited with a par value of US\$1.00 and a paid up value of US\$1,000. The proposed amendments are to provide for a put and a call option between the preference shareholders and GDH Limited at a price equal to 135 per cent. of their paid up value. The proposal is intended to make it easier for the Company to enact a subsequent agreed redemption or variation of the terms of such shares. Further details of the proposed amendments to the terms of those shares and the reasons for them are set out below.

Guangdong Investment Limited will be establishing an independent board committee, comprising independent non-executive directors, to advise its shareholders in respect of the proposed amendments. An independent financial adviser will also be appointed to advise the independent board committee.

The board of directors (the "Board") of Guangdong Investment Limited (the "Company") proposes to amend the terms of the Company's US\$125,000,000 3 1/4 per cent. redeemable cumulative convertible preference shares with a par value of US\$1.00 and a paid up value of US\$1,000 (the "Preference Shares") details of which are set out below. The proposed amendments of the terms of the Preference Shares were approved by the Board on 5 August 2002. The Preference Shares are represented by global depositary receipts ("GDRs") issued by Citibank, N.A. as depositary and are listed on the Luxembourg Stock Exchange. The actual Preference Shares are all registered in the name of Citibank, N.A. of 111 Wall Street, New York, New York 10043, USA, as issuer of the GDRs. In accordance with normal international clearing systems practice, the names of the account holders holding securities are not available to the Company without the consent of the holder. Accordingly, the Company is only aware of the registered owner of the Preference Shares being Citibank, N.A. as mentioned above and, as far as the Company is aware, neither GDH Limited ("GDH") nor any other connected person owns any Preference Shares.

The Company has instructed ICEA Capital Limited to act as financial adviser to the Company in respect of such proposed amendments.

Existing Terms of the Preference Shares

As at 1 August 2002, the Company had 85,949 Preference Shares with a paid up value of US\$85,949,000 issued and outstanding. The Preference Shares carry a dividend of 3 1/4 per cent. per annum which will increase from 8 April 2003 to 9.6 per cent. per annum on their redemption amount of 139.564 per cent. of their paid up value. Unpaid dividends (if any) are carried forward. All dividends, including arrears, must be paid on the Preference Shares before any dividend can be paid on the Ordinary Shares of the Company. The Preference Shares can only be redeemed using the proceeds of a new issue of shares or distributable profits (which the Company currently does not have). If the Preference Shares are not redeemed on 7 April 2003, any distributable profits of the Company if available at that date must be used to pay dividends (if any) on the Preference Shares and to pay down their redemption amount.

Proposed Amendments to the Terms of the Preference Shares

The Board proposes that the terms of the Preference Shares, as detailed in Article 5A of the Articles of Association of the Company (the "Articles of Association"), should be amended. In particular, the Board proposes that the terms of the Preference Shares are amended such that:

- a put option (the "Put Option") is provided for, permitting a holder of a Preference Share, or Preference Shares (as the case may be), to require, if it so desires, GDH to buy the Preference Share, or Preference Shares (as the case may be), held by it at a price equal to 135 per cent. of its/their paid up value of US\$1,000. A holder of a Preference Share, or Preference Shares (as the case may be), may only exercise such Put Option during the period from and including 1 October 2002 to but excluding 31 October 2002; and
- a call option (the "Call Option") is provided for, permitting GDH to require all (but not some) of the holders of the Preference Shares to sell all (but not some) of the Preference Shares held by them to GDH at a price equal to 135 per cent. of their paid up value of US\$1,000 prior to 31 January 2003. GDH may only exercise such Call Option during the period from and including 17 September 2002 to but excluding 31 January 2003.

The proposed Put Option and Call Option are each to bind and benefit all of the holders of the Preference Shares. The Articles of Association are being amended in order to bind and benefit all the holders of Preference Shares.

GDH is currently the immediate controlling shareholder of the Company. If GDH was to exercise all the conversion rights it could obtain as result of acquiring preference shares under the Put Option and/or Call Option, the shareholding of GDH together with its subsidiaries and associates would increase from approximately 58.11 per cent. in the existing share capital of the Company to approximately 59.53 per cent. of the increased share capital of the Company. For the avoidance of doubt, GDH will only exercise any conversion rights it obtains as a result of acquiring Preference Shares pursuant to the Put Option and/or Call Option in accordance with, and to the extent permitted by, any applicable law and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited including, but not limited to, obtaining the approval of independent shareholders if required. GDH has confirmed its agreement to the proposal and as an interested party will abstain from voting at the extraordinary general meeting.

GDH entered into agreements with certain GDR holders on 2 August 2002 to secure their support for the proposed amendments, in aggregate these GDR holders hold approximately US\$26.3 million (equivalent to approximately 31 per cent. of the Preference Shares issued and outstanding) but the Company is not party to these agreements.

Reasons for the Proposed Amendments to the Terms of the Preference Shares

The Company completed a comprehensive restructuring comprising, *inter alia*, a business restructuring, a debt restructuring and a management restructuring in December 2000, but did not at that time amend the terms of the Preference Shares. As a result of the Company's financial difficulties that led to the restructuring, the Company has not had the distributable profits with which to declare the fixed preferential dividend on the Preference Shares and such undeclared dividends have accumulated since 7 October 1998. Currently the Company has no distributable profits.

As at 31 December 2001, the Company had accumulated losses of HK\$3,887,495,000, it may take time for the Company to generate sufficient distributable profits and/or raise new share capital to make good its current accumulated losses, to pay (a) the accumulated (but undeclared) dividend on the Preference Shares, (b) the current (but undeclared) dividends arising on the Preference Shares and (c) the redemption amount due on the Preference Shares, and until it does, no dividends can be paid to the holders of ordinary shares. To have all the Preference Shares held by a single holder will make it easier to enact an agreed redemption or variation of the terms of the Preference Shares. The single holder is GDH, which as the immediate controlling shareholder of the Company is likely to have similar interests to the other holders of ordinary shares, is, in the opinion of the Board, also likely to make it easier to reach such a settlement. The Board considers that it would be in the best interests of the shareholders generally for the proposed changes to be made in respect of the Preference Shares.

Information to the Company's Shareholders

An independent board committee of the Company (the "Independent Board Committee"), comprising independent non-executive directors, will be formed to consider the terms of the proposed amendments and to advise the Company's shareholders in respect of such amendments. An independent financial adviser will also be appointed to advise the Independent Board Committee.

Meetings and Circulars

A class meeting of the holders of the Preference Shares is expected to be convened on or around 16 September 2002 to consider and approve the variation in class rights that the proposed amendments to the terms of the Preference Shares will give rise to. The quorum requirement of the class meeting will be two persons holding or representing by proxy not less than one-third of the issued Preference Shares and the special resolution will require the approval of 75 per cent. of those voting. After such approval has been obtained, the Articles of Association will need to be amended to reflect the proposed changes and this will require a special resolution of the ordinary shareholders of the Company and the holders of the Preference Shares at an extraordinary general meeting of the Company. Subject to the holders of the Preference Shares approving the proposed changes, the extraordinary general meeting of the Company is expected to take place on the same day as the class meeting of the holders of Preference Shares. Prior to the meetings, the Company will circulate to the ordinary shareholders and the holders of the Preference Shares one and the same circular containing, *inter alia*, further details regarding the proposed changes to the terms of the Preference Shares and the Articles of Association; the advice from the independent financial adviser to the Independent Board Committee; and the recommendation of the Independent Board Committee.

By Order of the Board
Li Wenye
Chairman

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



GUANGDONG INVESTMENT LIMITED

(粵海投資有限公司)

(Incorporated in Hong Kong with limited liability)

(1) TENANCY AGREEMENTS AND CONNECTED TRANSACTIONS (2) AMENDMENT TO TERMS OF PREFERENCE SHARES

(1) TENANCY AGREEMENTS AND CONNECTED TRANSACTIONS

On 16 August 2002, Baieson Developments Limited, a wholly owned subsidiary of Guangdong Investment Limited, as landlord, entered into 2 separate agreements in respect of the tenancies for premises located in Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong with each of the following parties respectively as tenant:

- (i) Guangdong Alliance Ltd.; and
- (ii) Guangdong Assets Management Ltd.

As each of the tenants is a connected party of Guangdong Investment Limited, the tenancy agreements constitute connected transactions for Guangdong Investment Limited under Rule 14.25 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. As previously announced by the Company on 29 April 2002, the Company has been granted approval by The Stock Exchange of Hong Kong Limited to apply the Modified Calculation Concession in relation to notifiable transactions in accordance with the guidelines issued by The Stock Exchange of Hong Kong Limited. The amount of all the annual rental under the tenancy agreements is less than (i) HK\$10 million and (ii) HK\$170,150,000, being the monetary threshold of 1% of the modified asset value of Guangdong Investment Limited and its subsidiaries as at 31 December 2001 as determined under the modified assets test under the Modified Calculation Concession. Accordingly, no independent shareholders' approval is required in respect of the transactions. Details of the transactions will be included in the next published annual report and accounts of Guangdong Investment Limited in accordance with Rule 14.25(1) (A) to (D) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

(2) AMENDMENT TO TERMS OF PREFERENCE SHARES

In addition to the changes described in the announcement made by Guangdong Investment Limited on 7 August 2002, the board of directors of Guangdong Investment Limited resolved on 16 August 2002 to propose to further amend the terms of the US\$125,000,000 3%, per cent. redeemable cumulative convertible preference shares in the capital of Guangdong Investment Limited with a par value of US\$1.00 and a paid up value of US\$1.000. The proposed additional amendment is conditional on the proposed amendments announced by Guangdong Investment Limited on 7 August 2002 being approved by the holders of preference shares and ordinary shares in the Company and is to amend the terms of such preference shares such that for the year from 8 April 2003 to 7 April 2004 they will carry a dividend of 6.60 per cent. per annum, on their redemption amount. The proposal is intended to reduce the amount of dividends (declared and/or undeclared) of such preference shares by approximately US\$3.6 million for the year from 8 April 2003 to 7 April 2004. Further details of the proposed amendment are set out below. Guangdong Investment Limited has established an independent board committee to advise its shareholders in respect of the proposed amendment. Tai Fook Capital Limited has also been appointed to advise the independent board committee in respect of the proposed amendment.

(1) TENANCY AGREEMENTS AND CONNECTED TRANSACTIONS

On 16 August 2002, by way of offer letters and their acceptance, Baieson Developments Limited ("Baieson"), a wholly owned subsidiary of Guangdong Investment Limited (the "Company") entered into agreement in respect of each of the following two tenancies:

Tenancy Agreement (1)

Date : 16 August 2002
Parties : Landlord — Baieson
Tenant — Guangdong Alliance Ltd.
Premises : Offices A & B1 on the 9th Floor, Guangdong Investment Tower ("GDI Tower")
Rent : HK\$68,222.00 per calendar month exclusive of government rates and management fees payable in advance on the 1st day of each calendar month
Term : Two (2) years commencing from 17 August 2002 and expiring on 16 August 2004 (both days inclusive)
Deposit : HK\$248,546.10 (the equivalent of three (3) months' rental and management fees)
Outgoings : For the account of the Tenant

Tenancy Agreement (11)

Date : 16 August 2002
Parties : Landlord — Baieson
Tenant — Guangdong Assets Management Ltd.
Premises : Offices A & B2 on the 11th Floor, GDI Tower
Rent : HK\$85,414.00 per calendar month exclusive of government rates and management fees payable in advance on the 1st day of each calendar month
Term : Two (2) years commencing from 17 August 2002 and expiring on 16 August 2004 (both days inclusive)
Deposit : HK\$311,010.00 (the equivalent of three (3) months' rental and management fees)
Outgoings : For the account of the Tenant

Relationship between the parties

- (i) GDH Limited ("GDH") holds approximately 58.17% of the issued ordinary shares of the Company and is therefore a substantial shareholder of the Company within the meaning as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").
- (ii) Guangdong Alliance Ltd. is held as to 64.24% by GDH and is therefore a subsidiary of GDH.
- (iii) Guangdong Assets Management Ltd. is a wholly owned subsidiary of GDH.

Accordingly, each of the tenants is a connected party to the Company under the Listing Rules and, therefore, each of the agreements with such tenants constitutes connected transactions of the Company under the Listing Rules.

Compliance with Listing Rules

The rentals in respect of each of the agreements were negotiated between the parties on an arm's length basis. The advice of DTZ Debenham Tie Leung Limited, an independent professional property valuer, as set out in their letter dated 14 August 2002 has confirmed that the rentals are fair and reasonable under prevailing market conditions so far as the landlord is concerned.

The basis of the consideration under the agreements

The Directors (including the independent non-executive directors taking part in the deliberation) of the Company consider that the terms of the agreements are fair and reasonable and are in the interests of the Company.

The principal core business of the Company includes, inter alia, property investment and it is entirely in the normal course of its business for Baieson to let out premises in the GDI Tower.

The aggregate amount of all the annual rentals under the agreements represents less than (i) HK\$10 million and (ii) HK\$170,150,000, being the monetary threshold of 1% of the modified asset value of the Company and its subsidiaries as at 31 December 2001 as determined under the modified assets test under the Modified Calculation

Concession. Shareholders and investors are reminded that the Company has been granted approval by The Stock Exchange of Hong Kong Limited ("Stock Exchange") to apply the Modified Calculation Concession in relation to notifiable transactions in accordance with the guidelines issued by the Stock Exchange and should refer to the announcement made by the Company on 29 April 2002. Accordingly pursuant to Rule 14.25 of the Listing Rules, the approval of the independent shareholders of the Company is not required in respect of the transactions.

Details of the transactions will be included in the next published annual report and accounts of the Company in accordance with Rule 14.25(1) (A) to (D) of the Listing Rules.

AMENDMENT TO TERMS OF PREFERENCE SHARES

Proposed Additional Amendment to the Terms of the Preference Shares

We refer to the announcement issued by the Company on 7 August 2002 (the "Announcement") in respect of certain proposed changes (the "7 August Proposed Changes") to the terms of the Company's US\$125,000,000 3%, per cent. redeemable cumulative convertible preference shares with a par value of US\$1.00 and a paid up value of US\$1.000 (the "Preference Shares"). For further details on the terms of the Preference Shares please refer to the Announcement. If the 7 August Proposed Changes are approved by the holders of Preference Shares and ordinary shares in the capital of the Company ("Ordinary Shares"), GDH may ultimately be the only holder of the Preference Shares. Since the Announcement was issued, the senior management of the Company has considered reducing the dividend carried by the Preference Shares for the year from 8 April 2003 to 7 April 2004 and, in further support of the Company, on 16 August 2002 GDH confirmed its endorsement to such a reduction. In addition to the 7 August Proposed Changes, the board of directors of the Company (the "Board") therefore on 16 August 2002 resolved to propose, subject to the 7 August Proposed Changes being approved by the holders of the Preference Shares and Ordinary Shares, to further amend the terms of the Preference Shares. The Board proposes that, subject to the 7 August Proposed Changes being approved by the holders of the Preference Shares and Ordinary Shares, the terms of the Preference Shares are to be further amended such that a change in dividend is provided for whereby the Preference Shares for the year from 8 April 2003 to 7 April 2004 will carry a dividend of 6.60 per cent. per annum on their redemption amount instead of 9.60 per cent. (the "Change in Dividend"). The proposed Change in Dividend is to bind and benefit all of the holders of the Preference Shares. The articles of association of the Company are being amended in order to bind and benefit all the holders of Preference Shares.

The endorsement in respect of the proposed Change in Dividend was only confirmed by GDH after the Announcement had been made and could not therefore be included in the Announcement. The proposed Change in Dividend is not part of the agreements that GDH entered into with certain holders of global depositary receipts as referred to in the Announcement.

Reasons for the Proposed Change in Dividend

The proposed Change in Dividend will reduce the amount of dividends (declared and/or undeclared) of the Preference Shares by approximately US\$3.6 million for the year from 8 April 2003 to 7 April 2004. The Board considers that it would be in the best interests of the shareholders of the Company generally for the proposed Change in Dividend to be made.

Independent Board Committee

The proposed Change in Dividend and the 7 August Proposed Changes are conditional upon, *inter alia*, the approval of the shareholders of the Company at an extraordinary general meeting of the Company. An independent board committee comprising the independent non-executive directors of the Company, namely Messrs. Chan Cho Chak, John; Li Kwok Po, David; Cheng Mo Chi, Moses and Fung, Daniel R. (the "Independent Board Committee"), has been formed to consider the terms of the proposed Change in Dividend and the 7 August Proposed Changes and to advise the holders of Ordinary Shares (other than GDH and its associates) in respect of the proposed Change in Dividend and the 7 August Proposed Changes. Tai Fook Capital Limited has been appointed as the independent financial adviser to the Independent Board Committee.

Circular

The Company will circulate to the holders of Ordinary Shares and Preference Shares one and the same circular containing further details regarding the proposed Change in Dividend and the 7 August Proposed Changes.

By Order of the Board
Li Weyue
Chairman

Hong Kong, 19 August 2002

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Guangdong Investment Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser.

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of Guangdong Investment Limited.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



GUANGDONG INVESTMENT LIMITED

(粵海投資有限公司)

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)

AMENDMENTS TO TERMS OF PREFERENCE SHARES

Financial Adviser to Guangdong Investment Limited



**Independent Financial Adviser to the Independent Board Committee of
Guangdong Investment Limited**



A letter from the Independent Board Committee is set out on pages 9 to 10 of this circular.

A letter from Tai Fook Capital Limited, the Independent Financial Adviser to the Independent Board Committee, containing its advice to the Independent Board Committee is set out on pages 11 to 18 of this circular.

A notice dated 23 August 2002, convening a class meeting of the holders of US\$125,000,000 3 1/4% redeemable cumulative convertible preference shares of par value US\$1 each and paid up value US\$1,000 each in the capital of Guangdong Investment Limited, to be held at Galleria, 3rd Floor, The Wharney Hotel Hong Kong, 57-73 Lockhart Road, Wanchai, Hong Kong on Monday 16 September 2002 at 10:00 a.m., is set out in Appendix II to this circular. If you are a holder of such preference shares, whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time fixed for holding the class meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the class meeting or any adjourned meeting should you so wish.

A notice dated 23 August 2002, convening an extraordinary general meeting of the ordinary shareholders and the holders of US\$125,000,000 3 1/4% redeemable cumulative convertible preference shares of par value US\$1 each and paid up value of US\$1,000 each in the capital of Guangdong Investment Limited, to be held at Galleria, 3rd Floor, The Wharney Hotel Hong Kong, 57-73 Lockhart Road, Wanchai, Hong Kong on Monday 16 September 2002 immediately after the conclusion of the class meeting scheduled at 10:00 a.m. on the same day and at the same place, is set out in Appendix III to this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time fixed for holding the extraordinary general meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the extraordinary general meeting or any adjourned meeting should you so wish.

23 August 2002

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	3
Letter from the Independent Board Committee	9
Letter from Tai Fook	11
Appendix I – General Information	19
Appendix II – Class Meeting Notice	26
Appendix III – Extraordinary General Meeting Notice	27

DEFINITIONS

In this circular, the following expressions have the meaning set out below unless the context requires otherwise:

"Articles of Association"	the existing articles of association of the Company
"associate"	has the meaning as defined in the Listing Rules, and "associates" shall be construed accordingly
"Board"	the board of directors of the Company
"Call Option"	the call option set out in the section of this Circular headed "PROPOSED AMENDMENTS TO THE TERMS OF THE PREFERENCE SHARES"
"Change in Dividend"	the change in the rate of dividend set out in the section of this Circular headed "PROPOSED AMENDMENTS TO THE TERMS OF THE PREFERENCE SHARES"
"Circular"	this circular
"Class Meeting"	the class meeting of the holders of the Preference Shares which is required to be convened to approve the Proposed Amendments, a notice of which is set out in Appendix II to this Circular
"Class Meeting Notice"	the notice convening the Class Meeting set out in Appendix II to this Circular
"Companies Ordinance"	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong
"Company"	Guangdong Investment Limited, a company incorporated in Hong Kong with limited liability whose Ordinary Shares are listed on the Stock Exchange
"Directors"	the directors of the Company
"Extraordinary General Meeting"	the extraordinary general meeting of the Company which is required to be convened to approve the Proposed Amendments, a notice of which is set out in Appendix III to this Circular
"Extraordinary General Meeting Notice"	the notice convening the Extraordinary General Meeting set out in Appendix III to this Circular
"GDH"	GDH Limited, a company incorporated in Hong Kong with limited liability
"GDRs"	global depositary receipts
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of The People's Republic of China

DEFINITIONS

"Group"	the Company together with its subsidiaries
"Independent Board Committee"	the independent board committee of the independent non-executive directors of the Company, comprising Messrs. Chan Cho Chak, John; Li Kwok Po, David; Cheng Mo Chi, Moses and Fung, Daniel R., for the purpose of considering and advising the Independent Shareholders in connection with the Proposed Amendments
"Independent Shareholders"	the ordinary shareholders of the Company other than GDH and its associates
"Latest Practicable Date"	19 August 2002, being the latest practicable date prior to the printing of this Circular for the purpose of ascertaining certain information contained in this Circular
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Ordinary Shares"	the ordinary shares of HK\$0.50 each in the capital of the Company
"PRC"	The People's Republic of China
"Preference Shares"	the US\$125,000,000 3¼% redeemable cumulative convertible preference shares in the capital of the Company of par value US\$1 each and paid up value US\$1,000 each
"Proposed Amendments"	the proposed amendments to the terms of the Preference Shares as set out in the section of this Circular headed "PROPOSED AMENDMENTS TO THE TERMS OF THE PREFERENCE SHARES"
"Put Option"	the put option set out in the section of this Circular headed "PROPOSED AMENDMENTS TO THE TERMS OF THE PREFERENCE SHARES"
"Shareholders"	the ordinary shareholders of the Company, including the Independent Shareholders
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Tai Fook"	Tai Fook Capital Limited, an investment adviser registered under the Securities Ordinance, Chapter 333 of the Laws of Hong Kong, and the independent financial adviser to the Independent Board Committee
"US\$"	United States dollars, the lawful currency of the United States of America

LETTER FROM THE BOARD



GUANGDONG INVESTMENT LIMITED (粵海投資有限公司)

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)

WU Jiesi (*Honorary President*)
LI Wenyue (*Chairman*)
ZHANG Yaping (*Managing Director*)
CHAN Cho Chak, John, GBS, JP*
Dr. The Honourable LI Kwok Po, David, GBS, JP*
CHENG Mo Chi, Moses, JP*
FUNG, Daniel R., QC, SC*
YE Xuquan
LI Wai Keung
WANG Man Kwan, Paul
ZHAI Zhiming
GU Shunan
WANG Xiaofeng

Registered Office:

27th-29th Floors
Guangdong Investment Tower
148 Connaught Road Central
Hong Kong

* *Independent Non-Executive Directors*

23 August 2002

To the Shareholders and holders of Preference Shares

Dear Sir or Madam,

AMENDMENTS TO TERMS OF PREFERENCE SHARES

1. INTRODUCTION

In announcements dated 7 August 2002 and 19 August 2002, the Board announced that it proposed to amend the terms of the Preference Shares. The Proposed Amendments are conditional upon, *inter alia*, the approval of Independent Shareholders at the Extraordinary General Meeting. The Independent Board Committee, comprising the independent non-executive directors of the Company, namely Messrs. Chan Cho Chak, John; Li Kwok Po, David; Cheng Mo Chi, Moses and Fung, Daniel R., has been formed to consider the terms of the Proposed Amendments and to advise the Company's Independent Shareholders in respect of the Proposed Amendments. Tai Fook has been appointed as the independent financial adviser to the Independent Board Committee.

The purpose of this letter and the other sections of the circular of which this letter forms part (the "Circular") is to give you further information regarding the Proposed Amendments; to set out the recommendations from the Independent Board Committee and the advice from Tai Fook; and to give notice of the Class Meeting to the holders of Preference Shares and notice of the Extraordinary General Meeting to the Shareholders and holders of the Preference Shares.

LETTER FROM THE BOARD

The Preference Shares are represented by GDRs issued by Citibank, N.A. as depositary and are listed on the Luxembourg Stock Exchange. The actual Preference Shares are all registered in the name of Citibank, N.A. of 111 Wall Street, New York, New York 10043, USA, as issuer of the GDRs. In accordance with normal international clearing systems practice, the names of the account holders holding securities are not available to the Company without the consent of the holders. Accordingly, the Company is only aware of the registered owner of the Preference Shares being Citibank, N.A. as mentioned above and, as far as the Company is aware, neither GDH nor any other connected person owns any Preference Shares.

The Proposed Amendments will be put forward, firstly, at the Class Meeting, and secondly, at the Extraordinary General Meeting. The Class Meeting Notice which contains the proposed special resolution to vary the class rights of the holders of the Preference Shares is set out in Appendix II to the Circular. The Extraordinary General Meeting Notice which contains the proposed special resolutions required to amend the Articles of Association is set out in Appendix III to the Circular.

Terms defined in the Circular have the same meaning when used in this letter unless the context requires otherwise.

2. EXISTING TERMS OF THE PREFERENCE SHARES

As at 1 August 2002, the Company had 85,949 Preference Shares with a paid up value of US\$85,949,000 issued and outstanding. The Preference Shares carry a dividend of 3 $\frac{1}{4}$ per cent. per annum which will increase from 8 April 2003 to 9.60 per cent. per annum on their redemption amount of 139.564 per cent. of their paid up value. Unpaid dividends (if any) are carried forward. All dividends, including arrears, must be paid on the Preference Shares before any dividend can be paid on the Ordinary Shares. It should be noted that in 1998, when the Company issued the Preference Shares, a share premium account was established for the purpose of preserving the premium on issue of the Preference Shares for the repayment of the premium payable on redemption of the Preference Shares. However, the Company's ability to use the relevant share premium account for this purpose was restricted by an amendment made to the Companies Ordinance. This is because following such amendment, the Company may only repay the capital and premium paid on issue of the Preference Shares from a new issue of shares made for such purpose or out of distributable profits of the Company and may only repay the redemption premium out of distributable profits of the Company.

The Preference Shares carry a right to be converted into Ordinary Shares at the existing conversion price of HK\$3.7 per Ordinary Share (subject to adjustment) from 17 May 1998 up to the close of business on 31 March 2003 (or, if such date shall not be a business day on the immediately preceding business day) or if such Preference Shares shall have been called for redemption before 7 April 2003, then up to the close of business on a date no later than the earlier of seven business days prior to the date fixed for redemption thereof and 7 April 2003.

Unless previously redeemed, purchased, cancelled or converted and subject to the availability of distributable profits of the Company (which the Company currently does not have) or proceeds of a new issue of shares of the Company, the Preference Shares will be redeemed on 7 April 2003 by the Company at US\$1,395.64 for each US\$1,000 paid up value (being the aggregate of US\$1,000 paid up value and US\$395.64 redemption premium), plus any accumulated and current dividends payable but undeclared. If the

LETTER FROM THE BOARD

Preference Shares are not redeemed on 7 April 2003, any distributable profits of the Company if available at and after that date must be used to pay dividends (if any) on the Preference Shares and to pay down their redemption amount.

3. PROPOSED AMENDMENTS TO THE TERMS OF THE PREFERENCE SHARES

The Board proposes that the terms of the Preference Shares, as detailed in Article 5A of the Articles of Association, should be amended. In particular, the Board proposes that the terms of the Preference Shares are amended such that: •

- (a) a Put Option is provided for, permitting a holder of a Preference Share, or Preference Shares (as the case may be), to require, if it so desires, GDH to buy some or all of the Preference Shares (as the case may be), held by it at a price equal to 135 per cent. of its/their paid up value of US\$1,000. A holder of a Preference Share or Preference Shares (as the case may be), may only exercise such Put Option during the period from and including 1 October 2002 to but excluding 31 October 2002;
- (b) a Call Option is provided for, permitting GDH to require all (but not some) of the holders of the Preference Shares to sell all (but not some) of the Preference Shares held by them to GDH at a price equal to 135 per cent. of their paid up value of US\$1,000 prior to 31 January 2003. GDH may only exercise such Call Option during the period from and including 17 September 2002 to but excluding 31 January 2003; and
- (c) a Change in Dividend is provided for whereby the Preference Shares for the year from 8 April 2003 to 7 April 2004 will carry a dividend of 6.60 per cent. per annum on their redemption amount.

The proposed Put Option, Call Option and Change In Dividend are to bind and benefit all of the holders of the Preference Shares. The Articles of Association are being amended in order to bind and benefit all the holders of Preference Shares.

GDH is currently the immediate controlling shareholder of the Company. If GDH was to exercise all the conversion rights it could obtain as result of acquiring Preference Shares under the Put Option and/or Call Option, the shareholding of GDH together with its subsidiaries and associates would increase from approximately 58.17 per cent. in the existing Ordinary Share capital of the Company to approximately 59.59 per cent. of the increased Ordinary Share capital of the Company. For the avoidance of doubt, GDH will only exercise any conversion rights it obtains as a result of acquiring Preference Shares pursuant to the Put Option and/or Call Option in accordance with, and to the extent permitted by, any applicable law and the Listing Rules including, but not limited to, obtaining the approval of Independent Shareholders if required. GDH has confirmed its agreement to the Proposed Amendments and as an interested party will abstain from voting at the Extraordinary General Meeting. If GDH or its associates at the time of the Class Meeting do hold Preference Shares, GDH or its associates will abstain from voting at such meeting.

GDH entered into agreements with certain GDR holders on 2 August 2002 to secure their support for the Put Option and the Call Option. In aggregate these GDR holders hold

LETTER FROM THE BOARD

approximately US\$26.3 million (equivalent to approximately 31 per cent. of the Preference Shares issued and outstanding). The Company is not party to these agreements.

If the Put Option and the Call Option are approved by the holders of Preference Shares and Ordinary Shares, GDH may ultimately be the only holder of the Preference Shares. Since the announcement made by the Board on 7 August 2002, the senior management of the Company considered the Change in Dividend and in further support of the Company, GDH on 16 August 2002 confirmed its endorsement to the Change in Dividend. The Board therefore on 16 August 2002 resolved, subject to the Put Option and the Call Option being approved by the holders of the Preference Shares and Ordinary Shares, to propose the Change in Dividend.

4. REASONS FOR THE PROPOSED AMENDMENTS TO THE TERMS OF THE PREFERENCE SHARES

The Board is of the view that the terms of the Preference Shares should be amended in the manner proposed for the following reasons.

The Company completed a comprehensive restructuring comprising, *inter alia*, a business restructuring, a debt restructuring and a management restructuring with the substantial support of the Guangdong Provincial Government of the People's Republic of China acting through GDH in December 2000, but did not at that time amend the terms of the Preference Shares. As a result of the Company's financial difficulties that led to the restructuring, the Company has not had the distributable profits with which to declare the fixed preferential dividend on the Preference Shares and such undeclared dividends have accumulated since 7 October 1998. Currently the Company has no distributable profits. As at 31 December 2001, the Company had accumulated losses of HK\$3,887,495,000, it may take time for the Company to generate sufficient distributable profits and/or raise new share capital to make good its current accumulated losses, to pay (a) the accumulated (but undeclared) dividend on the Preference Shares, (b) the current (but undeclared) dividends arising on the Preference Shares and (c) the redemption amount due on the Preference Shares, and until it does, no dividends can be paid to the Shareholders. As mentioned above, the Preference Shares are represented by GDRs listed on the Luxembourg Stock Exchange. Based on, and consistent with, the ownership of internationally offered securities held in clearing systems and the information obtained by the Company when dealing with the enquiries of some GDR holders in the past, the Company believes that the Preference Shares are currently held by a number of widely dispersed holders. To have all the Preference Shares held by a single holder will make it easier to enact an agreed redemption or variation of the terms of the Preference Shares. That the single holder is GDH, which as the immediate controlling shareholder of the Company is likely to have similar interests to the other holders of Ordinary Shares, is, in the opinion of the Board, also likely to make it easier to reach such a settlement.

The Change in Dividend will reduce the amount of dividends (declared and/or undeclared) of the Preference Shares by approximately US\$3.6 million for the year from 8 April 2003 to 7 April 2004 and as such will benefit the Group and the Shareholders.

The Board considers that it would be in the interests of the Shareholders generally for the Proposed Amendments to be made in respect of the Preference Shares.

LETTER FROM THE BOARD

5. INDEPENDENT SHAREHOLDERS' APPROVAL

GDH is currently the immediate controlling shareholder of the Company and, together with its subsidiaries and associates, holds approximately 58.17 per cent. of the existing issued Ordinary Share capital of the Company. Accordingly, GDH is a connected person of the Company as defined under the Listing Rules. The Proposed Amendments are therefore conditional upon, *inter alia*, the approval of the Independent Shareholders at the Extraordinary General Meeting. GDH and its associates will abstain from voting on the special resolutions approving the terms of the Proposed Amendments at the Extraordinary General Meeting.

6. CLASS MEETING OF PREFERENCE SHAREHOLDERS

Set out in Appendix II to the Circular is the Class Meeting Notice convening the Class Meeting to be held at Galleria, 3rd Floor, The Wharney Hotel Hong Kong, 57-73 Lockhart Road, Wanchai, Hong Kong at 10:00 a.m. on Monday 16 September 2002. At the Class Meeting, a special resolution will be proposed to approve the variation of the rights attached to the Preference Shares which may be effected by the passing of the special resolutions set out in the Extraordinary General Meeting. The quorum requirement of the Class Meeting will be two persons holding or representing by proxy not less than one-third of the issued Preference Shares and the special resolution will require the approval of 75 per cent. of those voting.

If the addressee is a holder of Preference Shares, a form of proxy for use at the Class Meeting is enclosed. Whether or not you are able to attend the Class Meeting in person, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the Company as share registrar for the Preference Shares at 27th-29th Floors, Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the Class Meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the Class Meeting should you so wish.

7. EXTRAORDINARY GENERAL MEETING

Set out in Appendix III to the Circular is the Extraordinary General Meeting Notice convening the Extraordinary General Meeting to be held at Galleria, 3rd Floor, The Wharney Hotel Hong Kong, 57-73 Lockhart Road, Wanchai, Hong Kong on Monday 16 September 2002 immediately after the conclusion of the Class Meeting at 10:00 a.m. on the same day and at the same place. At the Extraordinary General Meeting, special resolutions will be proposed to amend the Articles of Association of the Company in order to effect the Proposed Amendments.

A form of proxy is enclosed. Whether or not you are able to attend the Extraordinary General Meeting in person, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon (i) if you hold Ordinary Shares to the Company's share registrar for Ordinary Shares, Tengis Limited, at 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong and (ii) if you hold Preference Shares to the Company as the share registrar for the Preference Shares at 27th-29th Floors, Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong; as soon as

LETTER FROM THE BOARD

possible but in any event not later than 48 hours before the time appointed for the holding of the Extraordinary General Meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the Extraordinary General Meeting should you so wish.

8. RECOMMENDATION

The text of a letter to the Independent Shareholders from the Independent Board Committee containing its recommendation is set out on pages 9 and 10 of the Circular. Having considered the advice from Tai Fook in relation to the Proposed Amendments, which is set out on pages 11 to 18 of the Circular, the Independent Board Committee is of the opinion that the Proposed Amendments are in the interests of the Company and its Independent Shareholders. Accordingly, the Directors recommend that the Independent Shareholders vote in favour of the special resolutions to be proposed at the Extraordinary General Meeting.

The Directors consider that the Proposed Amendments are in the interests of the Company and its Shareholders and holders of Preference Shares as a whole. Accordingly, the Directors recommend that you vote in favour of the special resolution to be proposed at the Class Meeting (in the case of the holders of the Preference Shares) and the special resolutions to be proposed at the Extraordinary General Meeting (in the case of the Shareholders and the holders of the Preference Shares).

9. ADDITIONAL INFORMATION

Your attention is drawn to the information set out in the following sections of the Circular:

- (i) Letter from the Independent Board Committee (pages 9 to 10);
- (ii) Letter from Tai Fook (pages 11 to 18);
- (iii) General information (Appendix I);
- (iv) Class Meeting Notice (Appendix II); and
- (v) Extraordinary General Meeting Notice (Appendix III).

Yours faithfully,
By Order of the Board
LI Wenyue
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



GUANGDONG INVESTMENT LIMITED

(粵海投資有限公司)

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)

23rd August 2002

To the Independent Shareholders

Dear Sir or Madam,

AMENDMENTS TO TERMS OF PREFERENCE SHARES

INTRODUCTION

We refer to the circular dated 23 August 2002 issued by the Company of which this letter forms part (the "Circular"). Terms defined in the Circular have the same meaning when used in this letter unless the context requires otherwise.

We, being the independent non-executive directors constituting the Independent Board Committee, are writing to you to set out our opinion in respect of the Proposed Amendments. The Independent Board Committee was set up to advise you as an Independent Shareholder whether in its view the Proposed Amendments are in the interests of the Company and its Independent Shareholders and are fair and reasonable so far as the Independent Shareholders are concerned.

The Proposed Amendments are summarised in the "Letter from the Board" set out on pages 3 to 8 of the Circular. In addition, the Independent Board Committee has been advised by Tai Fook in considering the terms of the Proposed Amendments. You are strongly urged to read Tai Fook's letter to the Independent Board Committee, which is set out on pages 11 to 18 of the Circular. As referred to in the "Letter from the Board" set out on pages 3 to 8 of the Circular, GDH and its associates will abstain from voting on the special resolutions to be proposed at the Extraordinary General Meeting to approve the Proposed Amendments.

RECOMMENDATION

As the Independent Board Committee, we have discussed with the management of the Company the reasons for the Proposed Amendments. We have also discussed with Tai Fook the basis upon which its advice has been given to us.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Taking into account the advice of Tai Fook, the Independent Board Committee considers that the Proposed Amendments as described in the "Letter from the Board" in the Circular are in the interests of the Company and the Independent Shareholders and are fair and reasonable so far as the Independent Shareholders are concerned. We strongly recommend that the Independent Shareholders vote in favour of the special resolutions to be proposed at the Extraordinary General Meeting.

Yours faithfully,
For and on behalf of
the Independent Board Committee
CHAN Cho Chak, John
Director

LETTER FROM TAI FOOK

The following is the text of the letter of advice received from Tai Fook in connection with the fairness and reasonableness of the Proposed Amendments which has been prepared for the purpose of inclusion in this Circular.



Tai Fook Capital Limited

25th Floor
New World Tower
16-18 Queen's Road Central
Hong Kong

23 August 2002

*To the Independent Board Committee of
Guangdong Investment Limited
27th-29th Floors
Guangdong Investment Tower
148 Connaught Road Central
Hong Kong*

Dear Sirs,

AMENDMENTS TO TERMS OF PREFERENCE SHARES

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee in respect of the Proposed Amendments, details of which are contained in the circular dated 23 August 2002 to the Shareholders and the holders of the Preference Shares of which this letter forms part (the "Circular"). Terms used in this letter shall have the same respective meanings as defined in the Circular unless the context otherwise requires.

The Proposed Amendments are to provide for the Put Option and the Call Option between the holders of the Preference Shares and GDH and to reduce the dividend rate of the Preference Shares. Given that GDH is the immediate controlling shareholder of the Company, the Proposed Amendments are therefore conditional upon, *inter alia*, the approval of the Independent Shareholders at the Extraordinary General Meeting. The Independent Board Committee which comprises Messrs. Chan Cho Chak, John; Li Kwok Po, David; Cheng Mo Chi, Moses and Fung, Daniel R., has been formed for the purpose of considering the Proposed Amendments and advising the Independent Shareholders in connection therewith. In our capacity as the independent financial adviser to the Independent Board Committee, our role is to provide you with an independent opinion and recommendations as to whether the Proposed Amendments are fair and reasonable so far as the Independent Shareholders are concerned.

In formulating our recommendations, we have relied on the information and facts supplied and representations expressed by the Directors and/or the management of the Group. We have been advised by the Directors and/or the management of the Group that no material facts have been omitted from the information supplied and representations expressed to us and we are not aware of any facts or circumstances which would render such information and representations untrue, inaccurate or misleading. We have assumed that the information contained and representations made or referred to in the Circular

LETTER FROM TAI FOOK

were complete, true and accurate at the time they were made and continue to be so at the date of despatch of the Circular. We have also discussed with the Directors and/or the management of the Group with respect to the terms and reasons of the Proposed Amendments and consider that we have reviewed sufficient information to reach an informed view and have no reason to doubt the completeness, truth or accuracy of the information and facts provided and representations made to us. We have not, however, conducted an independent investigation into the business and affairs of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Proposed Amendments, we have considered, among other things, the following principal factors and reasons:

I. BACKGROUND

Business of the Group

The Group is principally engaged in the business of utilities, infrastructure, property development and investments and hotels.

In 2000, the Group underwent a comprehensive restructuring, comprising business restructuring, financial restructuring and management restructuring. The restructuring had the support of the Guangdong Provincial Government of the People's Republic of China acting through GDH. Among other things, pursuant to an acquisition agreement dated 16 December 1999 between the Company and GDH and upon the terms therein (the details of which were set out in the circular of the Company dated 15 September 2000), GDH transferred its 81 per cent. of the issued ordinary share capital of GH Water Supply (Holdings) Limited to the Group and paid US\$20 million cash to the Group. As advised by the Directors, the aforesaid acquisition has laid a strong foundation for the implementation of the business strategy of the Group focusing on its core businesses and has revitalised the performance of the Group. As a result of the successful implementation of the comprehensive restructuring, the Group recorded an audited consolidated profit attributable to the Shareholders of approximately HK\$286 million for the year ended 31 December 2001 as compared to the audited consolidated loss attributable to the Shareholders of approximately HK\$1,356 million for the year ended 31 December 2000.

Existing principal terms of the Preference Shares

As at 1 August 2002, the Company had 85,949 issued and outstanding Preference Shares with an aggregate paid up value of US\$85,949,000. Set out below is a summary of the existing principal terms of the Preference Shares:

- (i) Status: The Preference Shares are redeemable cumulative convertible preference shares with par value of US\$1 each and paid up value of US\$1,000 each. All payments of dividends, premium and redemption amount may only be made out of the distributable profits of the Company (which the Company currently does not have) or out of the proceeds of a new issue of shares of the Company.

LETTER FROM TAI FOOK

- (ii) Dividends: The Preference Shares carry a dividend of 3¼ per cent. per annum on their paid up value which will, subject to the Proposed Amendments, increase to 9.6 per cent. per annum starting from 8 April 2003 on their redemption amount of 139.564 per cent. of their paid up value. Unpaid dividends are carried forward and all dividends, including arrears, must be paid on the Preference Shares before any dividends can be paid on the Ordinary Shares.
- (iii) Conversion: The Preference Shares carry a right to be converted into the Ordinary Shares at an existing conversion price of HK\$3.7 per Ordinary Share (subject to adjustment) from and including 17 May 1998 up to the close of business on 31 March 2003 (or, if such date shall not be a business day on the immediately preceding business day) or if such Preference Shares shall have been called for redemption before 7 April 2003, then up to the close of business on a date no later than the earlier of seven business days prior to the date fixed for redemption thereof and 7 April 2003.
- (iv) Redemption: Unless previously redeemed, purchased, cancelled or converted and subject to the availability of distributable profits of the Company or proceeds of a new issue of shares of the Company, the Preference Shares will be redeemed on 7 April 2003 by the Company at US\$1,395.64 for each US\$1,000 paid up value (being the aggregate of US\$1,000 paid up value and US\$395.64 redemption premium), plus any accumulated and current dividends payable but undeclared.

Redemption of the Preference Shares

Since 7 October 1998, the Company has not had the distributable profits with which to declare the fixed preferential dividends on the Preference Shares and such undeclared dividends have been accumulated. As at 31 December 2001, the Company had accumulated losses of approximately HK\$3,887 million. The Directors anticipate that it may take time for the Company to generate sufficient distributable profits and/or raise new share capital to make good its current accumulated losses and to pay (a) the accumulated (but undeclared) dividend on the Preference Shares, (b) the current (but undeclared) dividends arising on the Preference Shares and (c) the redemption amount due on the Preference Shares (together the "Aggregate Redemption Amount"), and until it does, no dividends can be paid to the Shareholders.

Assuming that the redemption of all the outstanding Preference Shares is to be made by the Company on 7 April 2003 and subject to the availability of distributable profits of the Company or proceeds of a new issue of shares of the Company, the aggregate required amount will be approximately US\$133 million (equivalent to approximately HK\$1,030 million), comprising the aggregate of the paid up value and the redemption premium of approximately US\$120 million (equivalent to approximately HK\$930 million) and accumulated (but undeclared) dividends of approximately US\$13 million (equivalent to approximately HK\$101 million) since 7 October 1998.

LETTER FROM TAI FOOK

The Proposed Amendments

The Put Option and the Call Option

The Board proposed that the terms of the Preference Shares be amended that the Put Option and the Call Option will be provided for the holders of the Preference Shares and GDH respectively (the "Provision for Put Option and Call Option"), details of which are set out in the section headed "Proposed Amendments to the terms of the Preference Shares" in the letter from the Board contained in the Circular.

The exercise prices per Preference Share of both the Put Option and the Call Option are set at 135 per cent. of the paid up value of the Preference Share of US\$1,000 which represented a premium of approximately 1 per cent. over the closing price of the Preference Shares of 133.75 per cent. of the paid up value as quoted by the Luxembourg Stock Exchange as at the Latest Practicable Date.

As stated in the letter from the Board contained in the Circular, GDH entered into agreements with certain GDR holders on 2 August 2002 to secure their support for the Provision for Put Option and Call Option. In aggregate, these GDR holders hold approximately 31 per cent. of the Preference Shares issued and outstanding.

The Change in Dividend

The Board proposed that, subject to the Provision for Put Option and Call Option being approved by the holders of the Preference Shares and the Independent Shareholders, the terms of the Preference Shares also be amended such that the dividend of the Preference Shares for the year from 8 April 2003 to 7 April 2004 shall be changed from the rate of 9.60 per cent. per annum to the rate of 6.60 per cent. per annum on their redemption amount and thereafter at the rate of 9.60 per cent. per annum.

The Independent Shareholders should note that if the Provision for Put Option and Call Option is not approved by the holders of the Preference Shares and the Independent Shareholders, the Change in Dividend will not proceed. In addition, even if the Provision for Put Option and Call Option is approved by the holders of the Preference Shares and the Independent Shareholders, the Change in Dividend will be conditional upon the approval by the holders of the Preference Shares and the Independent Shareholders.

As stated in the letter from the Board contained in the Circular, GDH confirmed its endorsement to the Change in Dividend on 16 August 2002.

Potential change in the shareholding interests of GDH in the Company

GDH is the immediate controlling shareholder of the Company which together with its subsidiaries and associates held approximately 58.17 per cent. of the issued Ordinary Share capital of the Company as at the Latest Practicable Date. Assuming that GDH acquires all the Preference Shares under the Put Option and/or the Call Option and exercises in full the conversion rights attaching to the Preference Shares

LETTER FROM TAI FOOK

on or before 31 March 2003, the shareholding interests of GDH and its subsidiaries and associates will increase to approximately 59.59 per cent. of the enlarged issued Ordinary Share capital of the Company.

Approval of the Independent Shareholders

Given that GDH is the immediate controlling shareholder of the Company, the Proposed Amendments are therefore conditional upon, *inter alia*, the approval of the Independent Shareholders at the Extraordinary General Meeting. GDH and its associates shall abstain from voting on the special resolutions approving the Proposed Amendments at the Extraordinary General Meeting.

II. REASONS FOR AND BENEFITS OF THE PROPOSED AMENDMENTS

As stated in the letter from the Board contained in the Circular, as the Company had audited accumulated losses of approximately HK\$3,887 million as at 31 December 2001 and does not have any distributable profits at present, it may take time for the Company to generate sufficient distributable profits and/or raise new share capital to pay the Aggregate Redemption Amount. As such, unless the Preference Shares are converted to the Ordinary Shares on or before 31 March 2003, the dividend rate of the Preference Shares, under the current terms of the Preference Shares, will increase from 3 $\frac{1}{4}$ per cent. per annum on their paid up value to 9.60 per cent. per annum on their redemption amount of 139.564 per cent. of their paid up value starting from 8 April 2003. However, as the existing conversion price of HK\$3.7 per Ordinary Share (subject to adjustment) is at a premium of approximately 429 per cent. over the closing price of the Ordinary Shares of HK\$0.7 per Ordinary Share as at the Latest Practicable Date, it is unlikely that the holders of the Preference Shares will exercise the conversion rights attaching to the Preference Shares.

With a view to enabling more cost-effective and easier enactment of an agreed redemption and/or variation of the terms (if any) of the Preference Shares which will be favourable to the Group and the Shareholders and reducing the dividend rate of the Preference Shares, the Directors proposed the Proposed Amendments. The Directors consider that the Proposed Amendments have the following benefits:

1. As the Preference Shares are currently held by a number of widely dispersed holders, the Company will incur significant amount of management resources and efforts as well as administrative costs for the purpose of coordination and negotiation with the holders of the Preference Shares regarding the variation of the terms of the Preference Shares. In addition, it may take a long time for such negotiation as it will be time-consuming and difficult to reach a consensus among widely dispersed holders of the Preference Shares who may have different investment objectives among themselves. As such, the Directors consider that having all the Preference Shares held by GDH will make it more cost-effective for the Company to negotiate the redemption and/or variation of the terms (if any) of the Preference Shares with GDH.
2. GDH is a Shareholder which has similar interests to other Shareholders. If GDH becomes both a Shareholder and a holder of the Preference Shares, the Directors consider that it will give regard to its interest as a Shareholder in

LETTER FROM TAI FOOK

addition to its interest as a holder of the Preference Shares in relation to the negotiation of the redemption and/or variation of the terms (if any) of the Preference Shares. As opposed to GDH, the current holders of the Preference Shares may not take into account the interests of the Shareholders unless they also hold the Ordinary Shares. As such, the Directors consider that having all the Preference Shares held by GDH will make it easier for the Company to negotiate the redemption and/or variation of the terms (if any) of the Preference Shares with GDH.

3. Based on the aggregate redemption amount of 139.564 per cent. of the aggregate paid up value of the Preference Shares on 8 April 2003 amounting to approximately US\$120 million, the Change in Dividend will reduce the amount of dividends (declared and/or undeclared) of the Preference Shares by approximately US\$3.6 million for the year from 8 April 2003 to 7 April 2004 and as such will benefit the Group and the Shareholders.

We concur with the view of the Directors above. In addition, in arriving at our view on the benefits of the Proposed Amendments, we have considered the following:

1. As advised by the Directors, GDH is always in a position to support the business and operations of the Group which can be evidenced by GDH's support in the Group's comprehensive restructuring in 2000 as explained in the sub-section headed "Business of the Group" under the section headed "Background" above. In line with this, the intention of GDH in connection with the Proposed Amendments is to support the Group which can be clearly demonstrated as follows:
 - GDH is willing to accept the proposed reduction in the dividend rate of the Preference Shares from 9.60 per cent. per annum to 6.60 per cent. per annum on their redemption amount for the year from 8 April 2003 to 7 April 2004;
 - in order to motivate the exercise of the Put Option by the holders of the Preference Shares, GDH is willing to give a premium to such holders by setting the exercise price per Preference Share of the Put Option at 135 per cent. of the paid up value of the Preference Shares of US\$1,000, representing a premium of approximately 1 per cent. over the closing price of the Preference Shares of 133.75 per cent. of its paid up value as at the Latest Practicable Date; and
 - GDH is willing to pay upfront an aggregate amount of approximately US\$116 million (equivalent to approximately HK\$899 million) in the event that GDH acquires all the Preference Shares under the Put Option and/or the Call Option. Given that i) the Company had audited accumulated losses of approximately HK\$3,887 million as at 31 December 2001 and does not have any distributable profits at present for the redemption of the Preference Shares; and ii) the fact that the Preference Shares may not be converted by GDH into the Ordinary Shares as the conversion price is currently at a substantial premium of 429 per cent. over the current market price of the Ordinary Shares as mentioned above, it may take time for GDH to recover such amount until the Company is able to redeem the Preference Shares.

LETTER FROM TAI FOOK

In view of the above, the Directors consider that it may be easier for the Company to enact an agreed redemption and/or variation of the terms (if any) of the Preference Shares which will be favourable to the Group and the Shareholders.

2. As the Company had accumulated losses of approximately HK\$3,887 million as at 31 December 2001 and does not have any distributable profits at present, it may take time for the Company to generate sufficient distributable profits and/or raise new share capital to pay the Aggregate Redemption Amount. As such, we are of the view that the Proposed Amendments represent an important step in enabling more cost-effective and easier enactment of an agreed redemption and/or variation of the terms (if any) of the Preference Shares which may allow further reduction of the dividend rate and/or reduction of the redemption amount of the Preference Shares, and accordingly increase the chance of payment of dividends to the Shareholders.
3. Should the Proposed Amendments be approved, the obligation of the Company in respect of the redemption of the Preference Shares will remain unchanged save for the effect of the Change in Dividend. Unless the Preference Shares are previously redeemed, purchased, cancelled or converted prior to 7 April 2003 and subject to the availability of distributable profits of the Company or proceeds of a new issue of shares of the Company, the Company is still obliged to redeem the Preference Shares on 7 April 2003. If the Preference Shares are not redeemed on 7 April 2003, the dividend rate of the Preference Shares may, subject to the approval of the Change in Dividend by the holders of the Preference Shares and the Independent Shareholders, increase from $3\frac{1}{4}$ per cent. per annum on their paid up value to 6.60 per cent. per annum on their redemption amount of 139.564 per cent. of their paid up value starting from 8 April 2003 to 7 April 2004 and thereafter at the rate of 9.60 per cent. per annum. As such, the Proposed Amendments will not have any adverse effect on the Group. Conversely, as mentioned above, the Change in Dividend rate will benefit the Group and the Shareholders.
4. Since the conversion price of the Preference Shares represented a substantial premium of approximately 429 per cent. over the closing price of the Ordinary Shares as at the Latest Practicable Date, it is unlikely that the conversion rights attaching to the Preference Shares will be exercised. Notwithstanding this, the Independent Shareholders should note that, if GDH acquires all the Preference Shares under the Put Option and/or the Call Option and duly exercises in full the conversion rights attaching to the Preference Shares on or before 31 March 2003, the shareholding interests of GDH and its subsidiaries and associates in the Company will increase from 58.17 per cent. to 59.59 per cent. and accordingly, the shareholding interests of the Independent Shareholders in the Company will be diluted. However, given that i) such dilution is insignificant; ii) the conversion price is at a substantial premium over the current market price of the Ordinary Shares as mentioned above; and iii) the financial burden of the Group can be reduced as a result of the release of the obligation to pay the redemption amount of the Preference Shares upon such conversion, we consider that such dilution is acceptable.

LETTER FROM TAI FOOK

Based on the above, we consider that the Proposed Amendments are beneficial to the Group and the Shareholders as a whole.

III. CONCLUSION AND RECOMMENDATION

Having considered the above principal factors and reasons, we consider that the Proposed Amendments are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Group as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the special resolutions to approve the Proposed Amendments to be proposed at the Extraordinary General Meeting.

Yours faithfully,
For and on behalf of
Tai Fook Capital Limited
Derek C. O. Chan
Deputy Managing Director

1. RESPONSIBILITY STATEMENT

This Circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' interests in securities

As at the Latest Practicable Date, the interests of the Directors and the chief executive of the Company in the securities of the Company and its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance, Chapter 396 of the Laws of Hong Kong (the "SDI Ordinance")) as recorded in the register maintained by the Company under Section 29 of the SDI Ordinance were as follows:

(i) The following Director holds Ordinary Shares:

Name of Director	Type of interest	Number of Ordinary Shares held
GU Shunan	Personal	76,000

(ii) The following Directors hold options to subscribe for Ordinary Shares pursuant to the Company's share option scheme

Name of Director	Number of options held	Period during which option is exercisable	Price per Ordinary Share payable on exercise of option HK\$
WU Jiesi	12,000,000	02.05.2002 – 01.05.2007	0.74
	9,000,000	08.11.2002 – 07.11.2007	0.814
LI Wenyue	12,000,000	11.02.2002 – 10.02.2007	0.5312
	9,000,000	08.11.2002 – 07.11.2007	0.814
ZHANG Yaping	12,000,000	11.02.2002 – 10.02.2007	0.5312
	9,000,000	08.11.2002 – 07.11.2007	0.814
CHAN Cho Chak, John	1,000,000	02.05.2002 – 01.05.2007	0.74
	1,000,000	08.11.2002 – 07.11.2007	0.814
LI Kwok Po, David	1,000,000	02.05.2002 – 01.05.2007	0.74
	1,000,000	08.11.2002 – 07.11.2007	0.814
CHENG Mo Chi, Moses	1,000,000	02.05.2002 – 01.05.2007	0.74
	1,000,000	08.11.2002 – 07.11.2007	0.814

APPENDIX I**GENERAL INFORMATION**

Name of Director	Number of options held	Period during which option is exercisable	Price per Ordinary Share payable on exercise of option HK\$
FUNG, Daniel R.	1,000,000	02.05.2002 – 01.05.2007	0.74
	1,000,000	08.11.2002 – 07.11.2007	0.814
YE Xuquan	12,000,000	11.02.2002 – 10.02.2007	0.5312
	9,000,000	08.11.2002 – 07.11.2007	0.814
LI Wai Keung	1,500,000	02.05.2002 – 01.05.2007	0.74
	1,500,000	08.11.2002 – 07.11.2007	0.814
WANG Man Kwan, Paul	1,500,000	11.02.2002 – 10.02.2007	0.5312
	1,500,000	08.11.2002 – 07.11.2007	0.814
ZHAI Zhiming	1,000,000	08.11.2002 – 07.11.2007	0.814
GU Shunan	1,000,000	02.05.2002 – 01.05.2007	0.74
	1,000,000	08.11.2002 – 07.11.2007	0.814
WANG Xiaofeng	1,000,000	08.11.2002 – 07.11.2007	0.814

Note: If the last day of any of the option periods is not a business day in Hong Kong, the option period shall end at the close of business on the business day preceding that day.

Interest in Guangnan (Holdings) Limited*Interest in ordinary shares*

Name of Director	Type of interest	Number of ordinary shares held
LI Kwok Po, David	Personal	150,000
YE Xuquan	Personal	55,000,000

Other than the shares and share options set out above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest in the securities of the Company or any associated corporation (within the meaning of the SDI Ordinance) which would be required to be: (i) notified to the Company and the Stock Exchange pursuant to Section 28 of the SDI Ordinance (including interests which a Director would be taken or deemed to have under Section 31 of, or Part I of the schedule to, the SDI Ordinance); (ii) entered in the register kept by the Company pursuant to Section 29 of the SDI Ordinance; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

- (b) As at the Latest Practicable Date, none of the Directors is materially interested in any contract or arrangement subsisting at the date of this Circular which is significant in relation to the business of the Group.
- (c) As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into a service contract with any member of the Group which is not determinable by the relevant member of the Group within one year without payment of compensation, other than statutory compensation.
- (d) As at the Latest Practicable Date, Tai Fook had no shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (e) As at the Latest Practicable Date, none of the Directors or Tai Fook had any direct or indirect interest in any asset which had been acquired or disposed of by, or leased to, any member of the Group, or was proposed to be acquired or disposed of by, or leased to, any member of the Group, since 31 December 2001, the date to which the latest published audited financial statements of the Group were made up.

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS

- (a) As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons were interested in 10 per cent. or more of the share capital of the Company as recorded in the register required to be kept under Section 16 of the SDI Ordinance:

Name of shareholders of the Company	Number of shares held	Approximate percentage of issued share capital
廣東粵港投資控股有限公司 (Guangdong Yue Gang Investment Holdings Company Limited) (Note 1)	2,993,158,738	58.17
GDH (Note 2)	2,993,158,738	58.17
Guangdong Trust Ltd.	578,762,146	11.25

Notes:

- 1 The attributable interest which 廣東粵港投資控股有限公司 (Guangdong Yue Gang Investment Holdings Company Limited) has in the Company is held through its 100 per cent. direct interest in GDH.
- 2 The interest of GDH set out above includes attributable interest held through its wholly-owned subsidiary, Guangdong Trust Ltd.

Save as disclosed above, no other person was recorded in the register kept pursuant to Section 16 of the SDI Ordinance as having an interest in 10 per cent. or more of the issued share capital of the Company as at the Latest Practicable Date.

- (b) As at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company and save as otherwise disclosed in this Circular, the persons (other than members of the Group) directly or indirectly interested in 10 per cent. or more of the voting power at general meetings of the members of the Group (other than the Company) were as follows:

Name of subsidiaries	Name of substantial shareholders	Approximate percentage of interest held	
		Direct	Indirect
Guang Dong Nanhua Cement Limited	廣東省英德水泥廠 (Guangdong Yingde Cement Plant)	30.00%	—
廣東天貿(集團)股份有限公司 (Guang Dong Teem (Holdings) Ltd.)	廣州市城市建設開發集團有限公司 (Guangzhou City Construction & Development Holdings Ltd.)	2.06%	11.03%
Guangdong Guangshan Highway Huizhou Section Co., Ltd.	廣東省路橋建設發展公司	18.00%	—
	惠州市公路物業發展公司	31.00%	—
Guangdong Hi-Tech Advertising Co., Ltd.	廣東旅遊出版社	30.00%	—
Guangdong Nan Fang (Holdings) Co. Ltd.	GDF (Zhongfang) Limited	43.66%	—
Guangdong Parking Limited	China Parking (BVI) Limited	40.00%	—
Guangdong Power (International) Limited	Upper Horn Investments Limited	49.00%	—
Guangdong Transport Investment (BVI) Company Limited	Xin Yue (BVI) Company Limited	49.00%	—
Guangdong Yingde Highway Ltd.	英德市公路發展實業公司 (Yingde Highway Development Ltd.)	30.00%	—

APPENDIX I
GENERAL INFORMATION

Name of subsidiaries	Name of substantial shareholders	Approximate percentage of interest held	
		Direct	Indirect
Guangzhou Malting Co., Ltd.	Guangdong Development Fund (Guangmai) Ltd.	29.50%	—
	Industrial and Commercial Bank of China, Guangzhou Huacheng Sub-Branch	18.90%	—
Guangzhou Yangcheng Malting Plant	Guangdong Development Fund (Guangmai) Ltd.	29.50%	—
	Industrial and Commercial Bank of China, Guangzhou Huacheng Sub-Branch	18.90%	—
Honour Million Industries Limited	Guangdong Development Fund (Ningbo) Limited	16.40%	—
惠陽粵海房產發展有限公司 (Hui Yang Yue Hai Real Estate Development Ltd.)	廣東粵海建設開發公司 (Guangdong Yue Hai Construction Development Company)	10.00%	—
	惠陽宏順發實業發展公司	10.00%	—
Nanhua Cement (HK) Limited	Hong Kong Man Long Development Company	49.00%	—
Prospect Top Developments Limited	Cayman President Holdings Limited	20.00%	—
	Itochu Corporation	2.14%	7.86%
Shaoguan Power Plant (D) Ltd.	廣東省電力集團公司 (Guangdong Electric Power Holding Company)	10.00%	—
Shenzhen Kingway Brewing Co., Ltd.	深圳市寶安區投資管理公司 (Shenzhen Bao An District Investment Management Company)	10.00%	—
Shenzhen Kingway Packaging Co., Ltd.	深圳市寶安區投資管理公司 (Shenzhen Bao An District Investment Management Company)	10.00%	—

Name of subsidiaries	Name of substantial shareholders	Approximate percentage of interest held	
		Direct	Indirect
Shenzhen Kingway Utility Co., Ltd.	深圳市寶安區投資管理公司 (Shenzhen Bao An District Investment Management Company)	10.00%	—
Teem Holdings Limited	廣州市城市建設開發集團有限公司 (Guangzhou City Construction & Development Holdings Ltd.)	12.98%	—
Yuehai Real Estate Company Limited	Qingyuan Enterprises Limited	25.00%	—
Qingyuan	清遠市新北江企業總公司	10.00%	—

Notes:

- (a) The above information excludes the interests in the subsidiaries held by GDH through the Company.
- (b) Where a substantial shareholder is shown as having an interest in a subsidiary, its consequential interests arising in subsidiaries of that subsidiary are not shown above.

Save as disclosed above, so far as is known to any Director or chief executive of the Company, no other person had directly or indirectly an interest in 10 per cent. or more of the voting power at general meetings of any member of the Group as at the Latest Practicable Date.

4. MATERIAL ADVERSE CHANGE

Save and except for the possible contingent liabilities of a PRC subsidiary of Guangdong Tannery Limited ("GDT"), a listed subsidiary of the Company, as more particularly set out by both GDT and the Company in their respective announcements dated 6 August 2002, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2001, the date to which the latest published audited financial statements of the Group were made up.

5. QUALIFICATIONS AND CONSENT

Tai Fook is an investment adviser registered under the Securities Ordinance, Chapter 333 of the Laws of Hong Kong. Tai Fook has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its letter and references to its name in the form and context in which they appear.

6. MISCELLANEOUS

- (a) The English text of this Circular shall prevail over the Chinese text.

- (b) The secretary of the Company is Mrs. Ho Lam Lai Ping, Theresa, an associate member of The Institute of Chartered Secretaries and Administrators in the United Kingdom and the Hong Kong Institute of Company Secretaries.
- (c) The registered office of the Company is at 27th-29th Floors, Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong.
- (d) The registrar and transfer office for Ordinary Shares is Tengis Limited of 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong.
- (e) The registrar and transfer office for Preference Shares is the Company at 27th-29th Floors, Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong.

7. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the Company's registered office during normal business hours up to the date of the Class Meeting and Extraordinary General Meeting:

- (a) Articles of Association;
- (b) the letter from Tai Fook as set out in this Circular; and
- (c) the written consent referred to in paragraph 5 of this appendix.



GUANGDONG INVESTMENT LIMITED
(粵海投資有限公司)

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)

**NOTICE OF CLASS MEETING OF HOLDERS OF
THE US\$125,000,000 3 1/4% REDEEMABLE CUMULATIVE CONVERTIBLE
PREFERENCE SHARES OF PAR VALUE US\$1 EACH
(THE "PREFERENCE SHARES") IN THE CAPITAL OF
GUANGDONG INVESTMENT LIMITED (THE "COMPANY")**

NOTICE IS HEREBY GIVEN THAT a Class Meeting of the holders of the Preference Shares will be held at Galleria, 3rd Floor, The Wharney Hotel Hong Kong, 57-73 Lockhart Road, Wanchai, Hong Kong on Monday 16 September 2002 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as a special resolution:-

SPECIAL RESOLUTION

"THAT this Class Meeting of the holders of the US\$125,000,000 3 1/4% redeemable cumulative convertible preference shares of par value US\$1 each in the capital of Guangdong Investment Limited hereby sanctions every alteration or abrogation of the special rights for the time being attached to the said shares which is or may be involved in or effected by the passing or implementation of the special resolutions set out in the notice convening an Extraordinary General Meeting of the Company for Monday 16 September 2002, a copy of which notice has been produced to this meeting and, for the purpose of identification, signed by the Chairman hereof."

By Order of the Board
HO LAM Lai Ping, Theresa
Company Secretary

Hong Kong, 23 August 2002

Registered Office:
27th-29th Floors
Guangdong Investment Tower
148 Connaught Road Central
Hong Kong

Notes:

- (i) A holder of Preference Shares entitled to attend and vote at the above meeting may appoint a proxy or proxies (not exceeding two in number) to attend and vote in his place and such proxy need not be a shareholder of the Company.
- (ii) A form of proxy is enclosed. To be valid, the form of proxy together with the power of attorney or other authority (if any) under which it is signed (or a certified copy of such power or authority) must be delivered to the Company as share registrar for the Preference Shares at 27th-29th Floors, Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong not less than 48 hours before the time fixed for holding the meeting or adjourned meeting. The appointment of a proxy will not prevent a holder of Preference Shares from subsequently attending and voting at the meeting or any adjourned meeting should he so wish. If a holder of Preference Shares who has lodged a form of proxy attends the meeting, his form of proxy will be deemed to have been revoked.
- (iii) In the case of joint holders of any Preference Share, only that one of the joint holders whose name stands senior in the Company's register of holders of Preference Shares is entitled to vote, whether in person or by proxy, to the exclusion of the votes of the other joint holders.
- (iv) Entitlement to attend and vote at the meeting, and the number of votes which may be cast thereat, will be determined by reference to the Company's register of holders of Preference Shares at 10:00 a.m. on 23 August 2002 or, if the meeting is adjourned, 48 hours before the time scheduled for the adjourned meeting (as the case may be).



GUANGDONG INVESTMENT LIMITED
(粵海投資有限公司)

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)

**NOTICE OF EXTRAORDINARY GENERAL MEETING OF
GUANGDONG INVESTMENT LIMITED (THE "COMPANY")**

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of the Company will be held at Galleria, 3rd Floor, The Wharney Hotel Hong Kong, 57-73 Lockhart Road, Wanchai, Hong Kong on Monday 16 September 2002 immediately after the conclusion of the Class Meeting of the holders of US\$125,000,000 3¹/₄% redeemable cumulative convertible preference shares in the capital of the Company scheduled at 10:00 a.m. on the same day and at the same place for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as special resolutions:-

SPECIAL RESOLUTIONS

- (1) **"THAT** the Articles of Association of the Company be and hereby are amended as follows:-

- (a) by adding the following definition in paragraph (a) of Article 5A before the definition of "GDRs"

"GDH

GDH Limited"; and

- (b) by adding the following after paragraph (kk) of Article 5A:

"Put Option

- (II) (i) Each Preference Shareholder shall have an option (the "Put Option") of requiring GDH to purchase, subject to the terms of this Article, one or more of the Preference Shares held by it (the "Put Option Shares") for a price per Preference Share equal to 135% of the paid up value of such a share (the "Put Option Purchase Price").
- (ii) The Put Option is exercisable by notice in writing (a "Put Option Notice") from the Preference Shareholder to GDH given at any time during the period from and including 1 October 2002 to but excluding 31 October 2002 (during normal business hours in Hong Kong), whereupon the Preference Shareholder shall sell and GDH shall purchase the Put Option Shares. A Put Option Notice shall be irrevocable.
- (iii) Settlement of the sale and purchase of the Put Option Shares shall be at the Office or such other place as the Preference Shareholder and

GDH agree on 7 November 2002 when the Preference Shareholder shall deliver to GDH either duly executed transfers of the Put Option Shares and the certificate(s) for those Put Option Shares or the GDR representing its Put Option Shares against payment of the Put Option Purchase Price by delivery by GDH of a banker's draft drawn on a bank reasonably acceptable to the Preference Shareholder or by such other means as the Preference Shareholder and GDH may have agreed before completion.

- (iv) Upon exercise of the Put Option, the Preference Shareholder shall sell to GDH the Put Option Shares free from encumbrances and with all rights then attaching to them and shall execute and deliver other documents and take other steps at the reasonable request and cost of GDH following completion where this is required to vest the Put Option Shares for the related GDRs in GDH and/or its nominee(s) and otherwise give it the full benefit of this Article.

Call Option

- (mm) (i) GDH shall have an option (the "Call Option") of purchasing, subject to the terms of this Article, all (but not some) of the Preference Shares held by each Preference Shareholder (the "Call Option Shares") for a price per Preference Share equal to 135% of the paid up value of such a share prior to 31 January 2003 (the "Call Option Purchase Price").
- (ii) The Call Option is exercisable in whole but not in part by notice in writing (a "Call Option Notice") from GDH to the Preference Shareholders given at any time during the period from and including 17 September 2002 to but excluding 31 January 2003 (during normal business hours in Hong Kong), whereupon the Preference Shareholder shall sell and GDH shall purchase the Call Option Shares. A Call Option Notice shall be irrevocable.
- (iii) Settlement of the sale and purchase of the Call Option Shares shall be at the Office or such other place as the Preference Shareholder and GDH agree on the seventh Business Day following the date of exercise of the Call Option when the Preference Shareholder shall deliver to GDH either duly executed transfers of the Call Option Shares and the certificate(s) for those Call Option Shares or the GDR representing its Call Option Shares against payment of the Call Option Purchase Price by delivery by GDH of a banker's draft drawn on a bank reasonably acceptable to the Preference Shareholder or by such other means as the Preference Shareholder and GDH may have agreed before completion.
- (iv) Upon exercise of the Call Option, the Preference Shareholder shall sell to GDH the Call Option Shares free from encumbrances and with all rights then attaching to them and shall execute and deliver other documents and take other steps at the reasonable request and cost of GDH following completion where this is required to vest the Call Option Shares in GDH and/or its nominee(s) and otherwise give it the full benefit of this Article."

- (2) "THAT conditional on Special Resolution (1) being passed, the Articles of Association of the Company be and are hereby amended as follows:-

the sentence:

"In the event that the Company is prevented by law from redeeming all the Preference Shares it shall redeem such as it is able to redeem, selecting the ones to be redeemed by lot, and in respect of the balance the accumulative dividend payable thereafter shall be 9.60 per cent. per annum payable semi-annually and calculated on the aggregate of the Reference Amount and the Final Redemption Premium."

is deleted from paragraph (y) of Article 5A and replaced with the following:

"In the event that the Company is prevented by law from redeeming all the Preference Shares it shall redeem such as it is able to redeem, selecting the ones to be redeemed by lot, and in respect of the balance the accumulative dividend payable shall be 6.60 per cent. per annum until 7 April 2004 and thereafter shall be 9.60 per cent. per annum in each case the accumulative dividend shall be payable semi-annually and calculated on the aggregate of the Reference Amount and the Final Redemption Premium."

By Order of the Board
HO LAM Lai Ping, Theresa
Company Secretary

Hong Kong, 23 August 2002

Registered Office:

27th-29th Floors
Guangdong Investment Tower
148 Connaught Road Central
Hong Kong

Notes:

- (i) A shareholder entitled to attend and vote at the above meeting may appoint a proxy or proxies (not exceeding two in number) to attend and vote in his place and such proxy need not be a shareholder of the Company.
- (ii) A form of proxy is enclosed. To be valid, the form of proxy together with the power of attorney or other authority (if any) under which it is signed (or a certified copy of such power or authority) must be delivered (i) if you hold Ordinary Shares to the Company's share registrar for Ordinary Shares, Tengis Limited, at 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong and (ii) if you hold Preference Shares to the Company as the share registrar for the Preference Shares at 27th-29th Floors, Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong; not less than 48 hours before the time fixed for holding the meeting or adjourned meeting. The appointment of a proxy will not prevent a holder of Preference Shares or ordinary shareholder from subsequently attending and voting at the meeting or any adjourned meeting should he so wish. If a holder of Preference Shares or ordinary shareholder who has lodged a form of proxy attends the meeting, his form of proxy will be deemed to have been revoked.
- (iii) In the case of joint holders of any share, only that one of the joint holders whose name stands senior in the Company's register of holders of Ordinary Shares in respect of joint holders of Ordinary Shares and the Company's register of holders of Preference Shares in respect of joint holders of Preference Shares, is entitled to vote, whether in person or by proxy, to the exclusion of the votes of the other joint holders.
- (iv) Entitlement of a holder of Preference Shares to attend and vote at the meeting, and the number of votes which may be cast thereat, will be determined by reference to the Company's register of holders of Preference Shares at 10 a.m. on 23 August 2002 or, if the meeting is adjourned, 48 hours before the time scheduled for the adjourned meeting (as the case may be).

目 錄

	頁次
釋義	1
董事會函件	3
獨立董事委員會函件	9
大福函件	11
附錄一 — 一般資料	19
附錄二 — 類別股東大會通告	26
附錄三 — 股東特別大會通告	27

釋 義

在本通函內，除文義另有所指外，下列詞語具有如下涵義：

「章程細則」	指	本公司現有的組織章程細則
「聯繫人士」	指	與上市規則所下定義相同，而「該等聯繫人士」亦應按此詮釋
「董事會」	指	本公司的董事會
「認購期權」	指	本通函「建議修訂優先股的條款」一節所載的認購期權
「股息變動」	指	本通函「建議修訂優先股的條款」一節所載的股息率變動
「本通函」	指	本通函
「類別股東大會」	指	本公司須就批准建議修訂而舉行的優先股持有人類別股東大會，會議通告載於本通函附錄二
「類別股東大會通告」	指	舉行類別股東大會的通告，載於本通函附錄二
「公司條例」	指	公司條例（香港法例第32章）
「本公司」	指	粵海投資有限公司，為一家於香港註冊成立的有限公司，其普通股在聯交所上市
「董事」	指	本公司的董事
「股東特別大會」	指	本公司須就批准建議修訂而舉行的股東特別大會，會議通告載於本通函附錄三
「股東特別大會通告」	指	舉行股東特別大會的通告，載於本通函附錄三
「廣控」	指	廣東控股有限公司，為一家於香港註冊成立的有限公司
「全球預託證券」	指	全球預託證券
「港元」	指	香港法定貨幣港元
「香港」	指	中華人民共和國香港特別行政區

釋 義

「本集團」	指	本公司連同其附屬公司
「獨立董事委員會」	指	本公司獨立非執行董事組成的獨立董事委員會，成員包括陳祖澤先生、李國寶先生、鄭慕智先生及馮華健先生，旨在考慮建議修訂並就此向獨立股東提供意見
「獨立股東」	指	本公司普通股的股東（廣控及其聯繫人士除外）
「最後可行日期」	指	2002年8月19日，即本通函付印前的最後實際可行日期，旨在確定本通函所載若干資料
「上市規則」	指	香港聯合交易所有限公司證券上市規則
「普通股」	指	本公司股本中每股面值0.50港元的普通股
「中國」或「內地」	指	中華人民共和國
「優先股」	指	本公司股本中價值125,000,000美元每股面值1美元（已繳股款價值為每股1,000美元）的3¼%可贖回累計可換股優先股
「建議修訂」	指	本通函「建議修訂優先股的條款」一節所載的建議修訂優先股條款
「認沽期權」	指	本通函「建議修訂優先股的條款」一節所載的認沽期權
「股東」	指	本公司的普通股股東，包括獨立股東
「聯交所」	指	香港聯合交易所有限公司
「大福」	指	大福融資有限公司，乃根據香港法例第333章證券條例註冊的投資顧問，亦為獨立董事委員會的獨立財務顧問
「美元」	指	美利堅合眾國法定貨幣美元



GUANGDONG INVESTMENT LIMITED
(粵海投資有限公司)

(根據公司條例於香港註冊成立的有限公司)

註冊辦事處：

香港

干諾道中148號

粵海投資大廈

27至29樓

武捷思 (名譽董事長)

李文岳 (主席)

張亞平 (董事總經理)

陳祖澤，金紫荊星章、太平紳士*

李國寶博士，金紫荊星章、太平紳士*

鄭慕智，太平紳士*

馮華健，資深大律師*

叶旭全

李偉強

王萬鈞

翟治明

古樹南

王小峰

* 獨立非執行董事

敬啟者：

修訂優先股的條款

1. 緒言

董事會於2002年8月7日及2002年8月19日發出的公佈內宣佈建議修訂優先股的條款。建議修訂須待(其中包括)獨立股東於股東特別大會上批准後，方可作實。獨立董事委員會由本公司的獨立非執行董事陳祖澤先生、李國寶先生、鄭慕智先生及馮華健先生組成，藉以考慮建議修訂的條款並就建議修訂向本公司的獨立股東提供意見。大福獲委任為獨立董事委員會的獨立財務顧問。

本函件及本通函(本函件亦為其部份內容)的其他部份(「本通函」)旨在向閣下提供建議修訂的進一步資料；載列獨立董事委員會的推薦意見及大福的建議；以及向優先股持有人發出類別股東大會的通告及向股東及優先股持有人發出股東特別大會的通告。

董事會函件

代表優先股的全球預託證券由Citibank, N.A.作為受託人發行並於盧森堡證券交易所上市。優先股實際上全部均以Citibank, N.A. (地址為111 Wall Street, New York, New York 10043, USA) 作為全球預託證券發行人的名義註冊。根據一般國際結算系統慣例, 在未經持有人同意前, 本公司不會知悉證券持有人賬戶的名稱。因此, 本公司只得悉優先股的註冊擁有人為Citibank, N.A., 誠如上文所述且據本公司所知, 廣控或任何其他關連人士概無擁有任何優先股。

建議修訂首先會在類別股東大會上提呈, 並於其後在股東特別大會上提呈。類別股東大會通告載於本通函附錄二, 當中載有就動議更改優先股持有人的類別權利所提呈的特別決議案。股東特別大會通告載於本通函附錄三, 當中載有就修訂公司章程所需提呈的特別決議案。

除文義另有所指外, 已在本通函中加以界定的詞彙在本函件中使用時涵義相同。

2. 優先股的現有條款

於2002年8月1日, 本公司有85,949股已發行及尚未行使的優先股, 其已繳股款價值為85,949,000美元。優先股以每年3 $\frac{1}{4}$ %計算股息, 自2003年4月8日起, 優先股應收的股息將會增至以已繳股款價值的139.564%計得的贖回金額的每年9.60%計算。未派股息(如有)會累積往下個年度。所有優先股的股息(包括尚欠的股息)必須於普通股派息前派付。敬希垂注, 本公司於1998年發行優先股時設立了股份溢價賬, 旨在保存發行優先股時的溢價, 以償還贖回優先股時應付的溢價。然而, 本公司使用有關股份溢價賬作上述用途的能力受到公司條例的修訂所限制, 原因為作出有關修訂後, 本公司只可透過為此發行新股份或從本公司的可供分派盈利中償還發行優先股時支付的資本及溢價, 並只可從本公司的可供分派盈利中償還贖回溢價。

優先股附帶換股權, 可於1998年5月17日至2003年3月31日(倘該日並非營業日, 則為緊接該日的前一個營業日)營業時間結束期間(倘該等優先股於2003年4月7日前被要求贖回, 則至不遲於所訂贖回日期前七個營業日及2003年4月7日較早者的營業時間結束期間), 按現行換股價每股普通股3.7港元(可予調整)轉換為普通股。

除非優先股事先已獲贖回、購買、註銷或轉換, 以及視乎本公司有否可供分派的盈利(本公司目前並無可供分派盈利)或從本公司發行新股份而獲得款項, 否則本公司將於2003年4月7日按1,395.64美元(即已繳股份價值1,000美元及贖回溢價395.64美元的總額)贖回已繳股款價值每股1,000美元的優先股, 另加任何應付但尚未宣派的累計及現有股息。如優先股未

董事會函件

能於2003年4月7日贖回，則本公司於該日及該日之後可供動用的任何可供分派盈利必須用作支付優先股股息（如有），以及減低贖回金額。

3. 建議修訂優先股的條款

董事會建議修訂章程細則第5A條所詳述有關優先股的條款。而董事會特別對優先股條款建議修改如下：

- (a) 訂立認沽期權，准許持有一股或以上的優先股持有人（視乎情況而定）要求（倘其有意）廣控以相等於已繳股款價值1,000美元的135%的價格購買其持有的部份或所有優先股（視乎情況而定）。持有一股或以上的優先股持有人（視乎情況而定）只可自2002年10月1日起（包括該日）起至2002年10月31日（不包括該日）止期間內行使該認沽期權；
- (b) 訂立認購期權，准許廣控要求全數（但非部份）優先股持有人於2003年1月31日以前以相等於已繳股款價值1,000美元的135%的價格將彼等所持的優先股全數（但非部份）出售予廣控。廣控只可自2002年9月17日（包括該日）起至2003年1月31日（不包括該日）止期間內行使該認購期權；及
- (c) 訂立股息變動，據此，自2003年4月8日起至2004年4月7日止年度的優先股股息將按其贖回金額以每年6.60%計算。

建議的認沽期權、認購期權及股息變動對所有優先股持有人而言具約束力及符合其利益。為使章程細則對所有優先股持有人具約束力及符合其利益，章程細則亦作出修訂。

廣控現時為本公司的直接控股股東。倘廣控按認沽期權及／或認購期權購買優先股後行使其所得的全部換股權，則廣控連同其聯繫人士的股權將會由佔本公司現有普通股股本約58.17%增至佔本公司已增加普通股股本約59.59%。為免引起疑問，廣控將只根據任何適用法律及上市規則及在該等法律及上市規則所容許的情況下，包括但不限於取得獨立股東的批准（如必要），在按認沽期權及／或認購期權購買優先股後行使其所得的任何換股權。廣控已確認同意建議修訂，且作為有利益關係的一方，廣控將會在股東特別大會上放棄投票。倘廣控或其聯繫人士於舉行類別股東大會時確實持有優先股，則廣控或其聯繫人士將會在該大會上放棄投票。

廣控於2002年8月2日與若干全球預託證券持有人訂立協議，以確定彼等贊成訂立認沽

董事會函件

期權及認購期權。該等全球預託證券持有人合共持有約26,300,000美元（約相等於已發行及尚未行使優先股的31%）。本公司並無參與訂立該等協議。

倘優先股及普通股持有人批准認沽期權及認購期權，廣控或會最終成為優先股的唯一持有人。自2002年8月7日董事會發表公佈後，本公司高級管理層已考慮股息變動，而作為對本公司的進一步支持，廣控於2002年8月16日確認同意股息變動。因此，董事會於2002年8月16日議決提呈股息變動，惟股息變動須待優先股及普通股持有人批准認沽期權及認購期權後，方可作實。

4. 建議修訂優先股條款的理由

董事會認為優先股的條款因下列原因而應作出所建議的修訂。

在中華人民共和國廣東省政府透過廣控給予的大力支持下，本公司已於2000年12月完成一項全面的重組，其中包括，業務重組、債務重組及管理層重組，惟本公司於當時並無同時修訂優先股的條款。由於本公司出現財政困難而進行上述的重組，故本公司並無可供分派盈利以宣派優先股的固定優先股息，而該等未宣派股息已自1998年10月7日起累計。本公司現時並無可供分派盈利。截至2001年12月31日止，本公司的累計虧損為3,887,495,000港元，本公司需時積累充裕的可供分派盈利及／或籌得新股本以減低其現時的累計虧損，以支付(a)優先股的累計但未宣派股息，(b)優先股所產生但未宣派的現有股息，及(c)到期應付的優先股贖回金額。於上述事項完成前，本公司概不可向股東派付任何股息。誠如上文所述，優先股以全球預託證券形式在盧森堡證券交易所上市。基於通過結算系統持有全球發售的證券的所有人資料及本公司在以往處理某些全球預託證券持有人的詢問時所得到的訊息，本公司相信優先股現時由多個廣泛分散的持有人持有。若所有優先股由單一持有人持有，可更容易達成議定的贖回或更改優先股的條款。據董事會的意見，作為單一持有人兼本公司的直接控股股東，廣控將會與其他普通股持有人持有類似權益，此舉亦將有助達成協議。

股息變動將使2003年4月8日起至2004年4月7日止年度的已宣派及／或未宣派優先股股息數額減低約3,600,000美元，因而令本集團及股東受惠。

董事會認為，優先股的建議修訂就整體而言乃符合股東的利益。

董事會函件

5. 獨立股東批准

廣控現時為本公司的直接控股股東，並連同其附屬公司及聯繫人士持有本公司現有已發行普通股股本約58.17%。因此，根據上市規則的界定，廣控為本公司的關連人士。故此，建議修訂須待（其中包括）獨立股東於股東特別大會上通過後，方可作實。廣控及其聯繫人士將會於股東特別大會上就批准建議修訂條款的特別決議案表決時放棄投票。

6. 優先股股東的類別股東大會

本通函附錄二載有類別股東大會通告，類別股東大會謹訂2002年9月16日（星期一）上午十時正假座香港灣仔駱克道57-73號香港華美酒店三樓嘉華廳舉行。類別股東大會上將提呈特別決議案，藉以批准更改優先股附帶的權利，而該等更改可透過在股東特別大會上通過特別決議案而生效。召開類別股東大會的法定人數規定須由兩名持有人或由受委代表持有不少於已發行優先股三分之一的人士出席，而特別決議案則需經75%的有關出席人士投票通過。

倘收件人為優先股持有人，將會隨函附奉類別股東大會適用的代表委任表格。無論閣下能否親自出席類別股東大會，均務請盡快將代表委任表格按其上印列的指示填妥及交回本公司優先股的股份過戶登記處，地址為香港干諾道中148號粵海投資大廈27至29樓，且無論如何須於類別股東大會指定舉行時間48小時前交回。填妥及交回代表委任表格後，閣下仍可出席類別股東大會，並於會上投票。

7. 股東特別大會

本通函附錄三載有股東特別大會通告，股東特別大會謹訂於2002年9月16日（星期一）緊隨訂於相同日期及地點上午十時正舉行的類別股東大會結束後，假座香港灣仔駱克道57-73號香港華美酒店三樓嘉華廳舉行。股東特別大會上將會提呈修訂本公司章程細則的特別決議案，以使建議修訂生效。

隨附代表委任表格。無論閣下能否親自出席股東特別大會，均務請盡快將代表委任表格按其上印列的指示填妥及交回(i)（倘閣下持有普通股）本公司普通股的股份過戶登記處登捷時有限公司，地址為香港中環夏慤道10號和記大廈四樓及(ii)（倘閣下持有優先股）

董事會函件

本公司優先股的股份過戶登記處，地址為香港干諾道中148號粵海投資大廈27至29樓，且無論如何須於股東特別大會指定舉行時間48小時前交回。填妥及交回代表委任表格後，閣下仍可出席股東特別大會，並於會上投票。

8. 推薦意見

獨立董事委員會致獨立股東的函件載於本通函第9及第10頁，當中載有獨立董事委員會的推薦意見。經考慮大福就建議修訂提出的意見後（載於本通函第11至第18頁），獨立董事委員會認為建議修訂乃符合本公司及其獨立股東的利益。因此，董事建議獨立股東於股東特別大會表決時投票贊成將會提呈的特別決議案。

董事認為，建議修訂乃符合本公司、其股東及優先股持有人的整體利益。因此，董事建議閣下於類別股東大會（倘閣下為優先股持有人）及於股東特別大會（倘閣下為股東及優先股持有人）表決時投票贊成將會提呈的特別決議案。

9. 額外資料

敬希閣下垂注本通函下列各節所載的資料：

- (i) 獨立董事委員會函件（第9至第10頁）；
- (ii) 大福函件（第11至第18頁）；
- (iii) 一般資料（附錄一）；
- (iv) 類別股東大會通告（附錄二）；及
- (v) 股東特別大會通告（附錄三）。

此致

列位股東及優先股持有人 台照

承董事會命
主席
李文岳
謹啟

2002年8月23日



GUANGDONG INVESTMENT LIMITED

(粵海投資有限公司)

(根據公司條例於香港註冊成立的有限公司)

敬啟者：

修訂優先股的條款

緒言

吾等謹此提述本公司於2002年8月23日發出的通函（「本通函」），而本函件亦為其部份內容。除文義另有所指外，已在本通函中加以界定的詞彙與本函件所用詞彙的涵義相同。

吾等乃組成獨立董事委員會的獨立非執行董事，現致函閣下就建議修訂表述吾等的意見。成立獨立董事委員會，旨在就建議修訂是否符合本公司及其獨立股東的利益，以及對獨立股東而言是否公平合理向閣下（作為獨立股東）提供意見。

建議修訂已概述於本通函第3至第8頁所載的「董事會函件」。此外，大福已就建議修訂的條款作出考慮並向獨立董事委員會提供意見。吾等特此敦請閣下參閱大福致獨立董事委員會的函件，該函件載於本通函第11至第18頁。誠如本通函第3至第8頁所載的「董事會函件」所述，廣控及其聯繫人士將會就擬於股東特別大會上提呈以批准建議修訂的特別決議案放棄投票。

推薦意見

吾等作為獨立董事委員會，已經與本公司的管理層就建議修訂的原因作出討論。吾等亦已經與大福討論彼等向吾等提供意見的基準。

獨立董事委員會函件

經考慮大福的意見後，獨立董事委員會認為本通函「董事會函件」所載的建議修訂符合本公司及獨立股東的利益，且對獨立股東而言實屬公平合理。吾等特此大力建議獨立股東投票贊成擬於股東特別大會上提呈的特別決議案。

此致

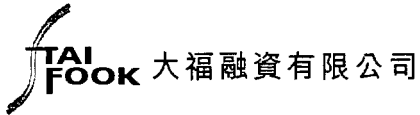
列位獨立股東 台照

代表
獨立董事委員會
董事
陳祖澤
謹啓

2002年8月23日

大福函件

以下所載為大福就建議修訂是否公平合理而發出的意見書全文，以供載入本通函：



香港
皇后大道中16-18號
新世界大廈
25樓

敬啟者：

修訂優先股的條款

吾等獲委聘就建議修訂（詳情載於2002年8月23日致股東及優先股持有人的通函（「本通函」），本函件亦為其部份內容）擔任獨立董事委員會的獨立財務顧問。除文義另有所指外，本函件所用詞彙的涵義概與本通函為該等詞彙分別界定的涵義相同。

建議修訂乃為訂立優先股持有人與廣控之間的認沽期權及認購期權，並調低優先股的股息率而設。鑑於廣控乃 貴公司的直接控股股東，故建議修訂須待（其中包括）獨立股東於股東特別大會上批准後，方可作實。 貴公司已成立獨立董事委員會，成員包括陳祖澤先生、李國寶先生、鄭慕智先生及馮華健先生，旨在考慮建議修訂及就此向獨立股東提供意見。吾等身為獨立董事委員會的獨立財務顧問，職責乃就建議修訂對獨立股東而言是否公平合理向閣下提供獨立意見及推薦意見。

在制訂吾等的推薦意見時，吾等依賴董事及／或 貴集團管理層所提供的資料及事實，以及作出的陳述。據董事及／或 貴集團管理層表示，吾等獲提供的資料及向吾等作出的陳述概無遺漏任何重大事實，而據吾等所知，概無任何事實或情況會導致該等資料及陳述失實、不確或誤導。吾等假設本通函所載資料、所作或所述的陳述於作出時均屬完整、真實及準確，

大 福 函 件

且於本通函寄發當日仍然如此。吾等亦曾與董事及／或 貴集團管理層討論建議修訂的條款及原因，並認為吾等已審閱足夠資料使吾等在知情的情況下提供意見，且無理由懷疑吾等所獲提供的資料、事實及聲明的完整性、真實性或準確性。然而，吾等並無就 貴集團的業務及事務進行獨立調查。

主要考慮因素及理由

吾等就建議修訂達致意見時，已考慮（其中包括）下列主要因素及理由：

I. 背景

貴集團業務

貴集團主要從事公用事業、基建、物業發展及投資與酒店業務。

於2000年，貴集團進行全面重組，其中包括業務重組、財務重組及管理重組。有關重組事項受到中華人民共和國廣東省政府透過廣控給予大力支持。其中，根據 貴公司及廣控於1999年12月16日訂立的收購協議及其條款（有關詳情載於 貴公司於2000年9月15日刊發的通函內），廣控將其於GH Water Supply (Holdings) Limited（粵港供水（控股）有限公司）擁有的81%已發行普通股股本轉讓予 貴集團，並向 貴集團支付20,000,000美元現金。據董事表示，上述收購為 貴集團將重點放在核心業務的業務策略的實施奠下穩固基礎，並使 貴集團的表現再現勃勃生機。由於成功進行全面重組，貴集團於截至2001年12月31日止年度錄得的經審核綜合股東應佔溢利約為286,000,000港元，與截至2000年12月31日止年度的經審核綜合股東應佔虧損約1,356,000,000港元相比大有改善。

優先股的現有主要條款

於2002年8月1日，貴公司有85,949股已發行及尚未行使的優先股，其已繳股款價值總額為85,949,000美元。以下為優先股現有主要條款的概要：

- (i) 狀況：優先股為每股面值1美元（已繳股款價值為每股1,000美元）的可贖回累計可換股優先股。所有股息、溢價及贖回金額的分派均只可以 貴公司可供分派盈利（貴公司目前並無該等盈利）或 貴公司發行新股所得款項支付。

大福函件

- (ii) 股息： 優先股按已繳股款價值以每年3¼%計算股息，自2003年4月8日起，優先股應收的股息將會增至以已繳股款價值的139.564%計得的贖回金額的每年9.6%計算（惟須視乎建議修訂的結果而定）。未派股息會累積往下個年度，並且所有優先股的股息（包括尚欠的股息）必須於普通股派息前派付。
- (iii) 轉換： 優先股附有換股權，可於1998年5月17日（包括該日）至2003年3月31日（倘該日並非營業日，則於緊接該日的前一個營業日）營業時間結束期間（倘該等優先股於2003年4月7日前被要求贖回，則至不遲於所訂贖回日期前七個營業日及2003年4月7日（以較早者為準）營業時間結束期間），按現時換股價每股普通股3.7港元（可予調整）轉換為普通股。
- (iv) 贖回： 除非優先股事先已獲贖回、購買、註銷或轉換，以及視乎 貴公司有否可供分派的盈利或從發行 貴公司新股份而獲得款項， 貴公司將於2003年4月7日按每股1,395.64美元（即已繳股款價值1,000美元及贖回溢價395.64美元的總額）贖回已繳股款價值每股1,000美元的優先股，另加任何應付但尚未宣派的累計及現有股息。

贖回優先股

自1998年10月7日起， 貴公司並無任何可供分派盈利以宣派優先股的固定優先股息，而該等未宣派股息已經累計。截至2001年12月31日止， 貴公司的累計虧損約為3,887,000,000港元。董事預期， 貴公司需時積累充裕的可供分派盈利及／或籌得新股本以減低現時的累計虧損，以及支付(a)優先股的累計但未宣派股息，(b)優先股現期但未宣派股息，及(c)到期應付的優先股贖回金額（統稱為「贖回金額總額」）。於上述事項完成前， 貴公司概不可向股東派付任何股息。

假設 貴公司於2003年4月7日贖回所有尚未行使的優先股（惟須視乎 貴公司有否可供分派的盈利或從發行 貴公司新股份而獲得款項），所需款項總額將約為133,000,000美元（約相當於1,030,000,000港元），其中包括已繳股款價值及贖回溢價總額約120,000,000美元（約相當於930,000,000港元）及自1998年10月7日起累計但未宣派股息約13,000,000美元（約相當於101,000,000港元）。

大 福 函 件

修訂建議

認沽期權及認購期權

董事會建議修訂優先股的條款，藉以向優先股持有人及廣控分別提供認沽期權及認購期權（「訂立認沽期權及認購期權」），有關詳情載於本通函內的董事會函件「建議修訂優先股的條款」一節。

認沽期權及認購期權的每股優先股行使價均釐定為優先股已繳股款價值1,000美元的135%，較優先股於最後可行日期在盧森堡證券交易所的收市價（相當於已繳股款價值的133.75%）有約1%的溢價。

誠如本通函所載的董事會函件所述，廣控於2002年8月2日與若干全球預託證券持有人訂立協議，以確定彼等贊成訂立認沽期權及認購期權。該等預託證券持有人合共持有已發行及尚未行使的優先股股份約31%。

股息變動

董事會亦建議，待優先股持有人及獨立股東批准訂立認沽期權及認購期權後，修訂優先股條款，藉以使自2003年4月8日起至2004年4月7日止年度的優先股每年股息率由贖回金額的9.60%調低至6.60%，其後則為每年9.60%。

敬請獨立股東注意，倘優先股持有人及獨立股東並未批准訂立認沽期權及認購期權，股息變動將不會進行。此外，即使優先股持有人及獨立股東批准訂立認沽期權及認購期權，股息變動亦須待優先股持有人及獨立股東批准後，方可作實。

誠如本通函所載的董事會函件所述，廣控於2002年8月16日確認同意股息變動。

廣控於 貴公司的股權可能發生的變動

廣控為 貴公司的直接控股股東，於最後可行日期，彼與其附屬公司及聯繫人士合共持有 貴公司已發行普通股股本約58.17%。假設於2003年3月31日或之前，廣控

大福函件

按認沽期權及／或認購期權購買所有優先股並行使優先股所附帶的全部換股權，廣控與其附屬公司及聯繫人士的股權將會增至佔 貴公司經擴大後已發行普通股股本約59.59%。

獨立股東批准

鑑於廣控為 貴公司的直接控股股東，故修訂建議須待（其中包括）獨立股東於股東特別大會上批准後，方可作實。廣控及其聯繫人士須就關於批准建議修訂的特別決議案於股東特別大會上表決時放棄投票。

II. 進行修訂建議的原因及裨益

誠如本通函所載的董事會函件所述，由於截至2001年12月31日止， 貴公司的經審核累計虧損約為3,887,000,000港元，且現時概無任何可供分派盈利，故 貴公司需時積累充裕的可供分派盈利及／或籌得新股本以支付贖回金額總額。因此，除非於2003年3月31日或之前將優先股轉換為普通股，否則根據優先股的現行條款，優先股的年股息率將從2003年4月8日起由已繳股款價值的3¼%增至按已繳股款價值的139.564%計得的贖回金額的9.60%。然而，由於每股普通股3.7港元的現有換股價（可予調整）較普通股於最後可行日期的收市價每股普通股0.7港元有約429%的溢價，故優先股持有人不大可能行使優先股所附帶的換股權。

為了以更具成本效益的方式及更容易地達成有利於 貴集團及股東的議定的贖回及／或更改優先股條款（如有），以及減低優先股的息率，董事提出建議修訂。董事認為，建議修訂有以下好處：

1. 由於現時優先股持有人分佈較為分散，因此， 貴公司就優先股條款的更改事宜與優先股持有人展開協商時，不僅要耗費大量人力及物力，還要付出行政費用。此外，由於優先股持有人分佈較為分散，且彼此之間的投資目標可能不同，無法在短時間內就有關問題達成一致，因而有關磋商過程亦可能會漫長而困難。故董事認為，讓廣控持有全部優先股，將使 貴公司在贖回優先股及／或更改其條款（如有）等事宜上，以更具成本效益的方式與廣控進行磋商。
2. 廣控乃與其他股東擁有類似權益的股東。若廣控身兼股東及優先股持有人兩種身份，董事認為，彼與 貴公司磋商優先股的贖回及／或其條款的更改（如有）事

大福函件

宜時，不僅會考慮其作為優先股持有人的利益，亦會考慮其作為股東的利益。與廣控截然相反，除非彼等亦持有普通股，否則現行優先股持有人或不考慮股東的權益。故董事認為，讓廣控持有全部優先股，貴公司將可更容易地與廣控磋商優先股的贖回及／或其條款的更改（如有）事宜。

3. 根據2003年4月8日已繳股款價值總額139.564%的總贖回金額約120,000,000美元計算，股息變動將使2003年4月8日至2004年4月7日年度的已宣派及／或未宣派優先股股息數額減低約3,600,000美元，因而令 貴集團及股東受惠。

吾等同意董事的上述意見。此外，吾等就建議修訂的好處達致意見時，曾考慮下列各項：

1. 誠如董事表示，廣控一貫支持 貴集團的業務及經營，而廣控支持 貴集團於2000年的全面重組乃為證據，有關詳情請參閱上文「背景」一節「貴集團業務」分段。而此次就建議修訂而言，廣控的用意亦在於支持 貴集團，以下事項可以清楚證明這一點：
 - 廣控願意接受將2003年4月8日至2004年4月7日年度優先股的息率由每年贖回金額的9.60%調低至每年贖回金額的6.60%的建議；
 - 為鼓勵優先股持有人行使認沽期權，廣控願意向有關持有人提供優惠而將認沽期權的每股優先股行使價定為優先股的已繳股款價值1,000美元的135%，較優先股於最後可行日期的收市價（相當於已繳股款價值的133.75%）溢價約1%；及
 - 若廣控根據認沽期股及／或認購期權收購全部優先股時，廣控願意預付合共約116,000,000美元（約相當於899,000,000港元）。鑑於i) 貴公司於2001年12月31日錄得經審核累計虧損約3,887,000,000港元，而目前並無任何可供分派盈利可用於贖回優先股；及ii)廣控有可能因現時換股價遠遠高於上文所述的普通股現市價（現時約429%的重大溢價），而不會將優先股轉換為普通股，因而在 貴公司有能贖回優先股之前，廣控可能須較長時間方能得回有關數額。

大福函件

考慮到上文所述，董事認為，貴公司可更容易地達成有利於貴集團及股東議定的贖回及／或更改優先股的條款（如有）。

2. 由於貴公司於2001年12月31日錄得累計虧損約3,887,000,000港元，且現時並無任何可供分派盈利，因而貴公司可能需要較長時間方能產生足夠的可供分派盈利及／或籌集新股本，以支付總贖回金額。故吾等認為，建議修訂實為一項重要措施，可讓貴公司以更具成本效益的方式及更容易地達成議定的贖回及／或更改優先股的條款（如有），從而減低優先股的息率及／或贖回金額，使股東獲派股息的機會增加。
3. 倘建議修訂獲批准，貴公司就贖回優先股應承擔的責任將維持不變，惟股息變動的影響除外。除非優先股已於2003年4月7日前獲贖回、購買、註銷或轉讓，以及視乎貴公司有否可供分派盈利或從發行貴公司新股份而獲得款項，貴公司仍須於2003年4月7日贖回優先股。若優先股並無在2003年4月7日獲贖回，則優先股的年息率（在優先股持有人及獨立股東批准股息變動後），於2003年4月8日至2004年4月7日期間由其已繳股款價值的3¼%增至其贖回金額（數額為其已繳股款價值的139.564%）的6.60%，此後為9.60%。因此，建議修訂並不會對貴集團造成不利影響。相反，息率變動將如上文所述為貴集團及股東帶來利益。
4. 由於優先股的換股價較普通股於最後可行日期的收市價大幅溢價約429%，因而優先股所附的換股權獲行使的可能性不大。儘管如此，獨立股東仍須注意，若廣控根據認沽期權及／或認購期權收購全部優先股，並於2003年3月31日或之前正式全面行使優先股所附的換股權，則廣控及其附屬公司及聯繫人士於貴公司之持股權益將由58.17%增至59.59%，換言之，獨立股東於貴公司的持股權益將被攤薄。然而，鑑於i)上述攤薄影響不大；ii)換股價遠遠高於上文所述的普通股現市價；及iii)貴集團的財政負擔將因支付優先股贖回金額的責任於上述轉換完成後獲得解除而得以紓緩，故吾等認為上述攤薄影響可以接受。

大福函件

基於上述幾點，吾等認為建議修訂符合 貴集團及股東的整體利益。

III. 結論及推薦意見

經考慮上述主要因素及原因後，吾等認為建議修訂對獨立股東而言屬公平合理，亦符合 貴集團的整體利益。因此，吾等建議獨立董事委員會推薦獨立股東投票贊成將於股東特別大會上提呈的特別決議案，藉以批准建議修訂。

此致

香港
干諾道中148號
粵海投資大廈27至29樓
粵海投資有限公司
獨立董事委員會 台照

代表
大福融資有限公司
副董事總經理
陳志安
謹啟

2002年8月23日

1. 責任聲明

本通函載有遵照上市規則的規定提供的資料，旨在提供有關本公司的資料。董事共同及個別對本通函所載資料的準確性承擔全部責任，並於作出一切合理查詢後確認，據彼等所深知及確信，本通函並無遺漏任何其他事實，以致其內容所載的任何聲明有誤導成份。

2. 權益披露

(a) 董事的證券權益

於最後可行日期，根據香港法例第396章證券（披露權益）條例（「披露權益條例」）第29條本公司存置的登記冊記錄，本公司董事及行政總裁於本公司及其聯營公司（定義見披露權益條例）擁有的證券權益如下：

(i) 以下董事持有普通股：

董事姓名	權益類別	所持普通股 股份數目
古樹南	個人	76,000

(ii) 以下董事根據本公司的購股權計劃持有可認購普通股的購股權：

董事姓名	所持購股權 數目	行使購股權 的期限	行使購股權時 應付的每股 普通股價格 港元
武捷思	12,000,000	02.05.2002－01.05.2007	0.74
	9,000,000	08.11.2002－07.11.2007	0.814
李文岳	12,000,000	11.02.2002－10.02.2007	0.5312
	9,000,000	08.11.2002－07.11.2007	0.814
張亞平	12,000,000	11.02.2002－10.02.2007	0.5312
	9,000,000	08.11.2002－07.11.2007	0.814
陳祖澤	1,000,000	02.05.2002－01.05.2007	0.74
	1,000,000	08.11.2002－07.11.2007	0.814
李國寶	1,000,000	02.05.2002－01.05.2007	0.74
	1,000,000	08.11.2002－07.11.2007	0.814
鄭慕智	1,000,000	02.05.2002－01.05.2007	0.74
	1,000,000	08.11.2002－07.11.2007	0.814

董事姓名	所持購股權 數目	行使購股權 的期限	行使購股權時 應付的每股 普通股價格 港元
馮華健	1,000,000	02.05.2002 – 01.05.2007	0.74
	1,000,000	08.11.2002 – 07.11.2007	0.814
叶旭全	12,000,000	11.02.2002 – 10.02.2007	0.5312
	9,000,000	08.11.2002 – 07.11.2007	0.814
李偉強	1,500,000	02.05.2002 – 01.05.2007	0.74
	1,500,000	08.11.2002 – 07.11.2007	0.814
王萬鈞	1,500,000	11.02.2002 – 10.02.2007	0.5312
	1,500,000	08.11.2002 – 07.11.2007	0.814
翟治明	1,000,000	08.11.2002 – 07.11.2007	0.814
古樹南	1,000,000	02.05.2002 – 01.05.2007	0.74
	1,000,000	08.11.2002 – 07.11.2007	0.814
王小峰	1,000,000	08.11.2002 – 07.11.2007	0.814

註：倘若任何購股權期間的最後一日並非香港營業日，購股權期間將於該日期前的營業日營業時間結束時終止。

於廣南（集團）有限公司的權益

於普通股股份的權益

董事姓名	權益類別	所持普通股 股份數目
李國寶	個人	150,000
叶旭全	個人	55,000,000

除上文所載的股份及購股權外，於最後可行日期，本公司的董事或行政總裁概無於本公司或任何聯營公司（定義見披露權益條例）擁有證券權益而須：(i)根據披露權益條例第28條通知本公司及聯交所（包括根據披露權益條例第31條或其附表第一部份董事被當作或視為擁有的權利）；(ii)根據披露權益條例第29條載入本公司存置的登記冊；或(iii)根據上市公司董事進行證券交易的標準守則通知本公司及聯交所。

- (b) 於最後可行日期，董事概無於與本集團業務有重要關係的合約或安排中佔有任何重大利益（以本通函日期計）。
- (c) 於最後可行日期，董事概無與本集團任何成員公司簽訂或擬簽訂任何本集團有關成員公司不可於一年內終止而毋須賠償（法定賠償除外）的服務合約。
- (d) 於最後可行日期，大福概無擁有本集團任何成員公司的股權，或持有可認購或委任其他人認購本集團任何成員公司的證券的任何權利（不論是否可依法強制執行）。
- (e) 於最後可行日期，各董事或大福概無直接或間接擁有自2001年12月31日（本集團最近期發表的經審核財務報表的結算日）起由本集團任何成員公司所購入、出售或租賃或擬購入、出售或租賃的任何資產。

3. 主要股東權益

- (a) 於最後可行日期，據本公司任何董事或行政總裁所知，根據披露權益條例第16條所存置的登記冊記錄，下列人士持有本公司10%或以上股本：

本公司股東名稱	所持股份數目	佔已發行股本 百分比約數
廣東粵港投資控股有限公司（備註1）	2,993,158,738	58.17
廣控（備註2）	2,993,158,738	58.17
Guangdong Trust Ltd. （粵海信托有限公司）	578,762,146	11.25

備註：

1. 廣東粵港投資控股有限公司所持本公司的實際權益乃通過其直接100%控股的廣控而持有。
2. 上述廣控的權益已包括通過其全資附屬公司Guangdong Trust Ltd.（粵海信托有限公司）持有的實際權益。

除上文所披露者外，根據披露權益條例第16條所存置的登記冊記錄，概無其他人士於最後可行日期擁有本公司已發行股本10%或以上的權益。

- (b) 於最後可行日期，就本公司董事或行政總裁所知，以及除本通函所披露者外，下列人士（本集團成員公司除外）直接或間接擁有本集團成員公司（本公司除外）股東大會10%或以上的投票權：

附屬公司名稱	主要股東名稱	所持權益 百分比約數	
		直接	間接
廣東南華水泥有限公司	廣東省英德水泥廠	30.00%	—
廣東天貿（集團）股份有限公司	廣州市城市建設開發集團有限公司	2.06%	11.03%
廣東廣汕公路惠州段有限公司	廣東省路橋建設發展公司	18.00%	—
	惠州市公路物業發展公司	31.00%	—
廣東高科廣告有限公司	廣東旅遊出版社	30.00%	—
Guangdong Nan Fang (Holdings) Co. Ltd.	GDF (Zhongfang) Limited	43.66%	—
Guangdong Parking Limited	China Parking (BVI) Limited	40.00%	—
Guangdong Power (International) Limited	超康投資有限公司	49.00%	—
Guangdong Transport Investment (BVI) Company Limited	Xin Yue (BVI) Company Limited	49.00%	—
英德海英公路有限公司	英德市公路發展實業公司	30.00%	—

附屬公司名稱	主要股東名稱	所持權益 百分比約數	
		直接	間接
廣州麥芽有限公司	Guangdong Development Fund (Guangmai) Ltd.	29.50%	—
	中國工商銀行廣州市花城支行	18.90%	—
廣州羊城麥芽廠	Guangdong Development Fund (Guangmai) Ltd.	29.50%	—
	中國工商銀行廣州市花城支行	18.90%	—
鴻萬實業有限公司	Guangdong Development Fund (Ningbo) Limited	16.40%	—
惠陽粵海房產發展有限公司	廣東粵海建設開發公司	10.00%	—
	惠陽宏順發實業發展公司	10.00%	—
南華水泥(香港)有限公司	香港萬隆發展公司	49.00%	—
培傑發展有限公司	Cayman President Holdings Limited	20.00%	—
	Itochu Corporation	2.14%	7.86%
韶關發電D廠有限公司	廣東省電力集團公司	10.00%	—
深圳金威啤酒釀造有限公司	深圳市寶安區投資管理公司	10.00%	—
深圳金威啤酒包裝有限公司	深圳市寶安區投資管理公司	10.00%	—

附屬公司名稱	主要股東名稱	所持權益 百分比約數	
		直接	間接
深圳金威啤酒公用工程 有限公司	深圳市寶安區 投資管理公司	10.00%	—
Teem Holdings Limited	廣州市城市建設 開發集團有限公司	12.98%	—
清遠粵海房地產 有限公司	香港新北江企業有限公司	25.00%	—
	清遠市新北江企業總公司	10.00%	—

備註：

- (a) 上述資料並未包括廣控通過本公司所持附屬公司的權益。
- (b) 如其一主要股東於其一附屬公司的權益已列述，則其因此而於該附屬公司的附屬公司佔有的連鎖權益並未列述於上。

除上文所披露者外，就本公司董事或行政總裁所知，於最後可行日期，概無其他人士直接或間接擁有本集團任何成員公司股東大會10%或以上的投票權。

4. 重大逆轉

除粵海制革有限公司（「粵海制革」）（本公司的上市附屬公司）的一間內地附屬公司有可能出現或然負債外（詳情已載於2002年8月6日粵海制革及本公司各自的公佈內），據董事所知，自2001年12月31日（本集團最近期發表的經審核財務報表的結算日）以來，本集團的財政或經營狀況均無出現任何重大逆轉。

5. 專業資格及同意書

大福乃根據香港法例第333章證券條例註冊的投資顧問。大福已就刊發本通函發出書面同意書，表示同意以現有形式及涵義轉載其函件及引述其名稱，且迄今並未撤回其同意書。

6. 其他事項

- (a) 如本通函中英文版本有任何歧異，概以英文版本為準。

- (b) 本公司的公司秘書為何林麗屏女士，其為英國特許秘書及行政人員公會及香港公司秘書公會的會員。
- (c) 本公司的註冊辦事處位於香港干諾道中148號粵海投資大廈27至29樓。
- (d) 本公司的普通股股份過戶及登記處為位於香港中環夏慤道10號和記大廈四樓的登捷時有限公司。
- (e) 本公司的優先股股份過戶及登記處為位於香港干諾道中148號粵海投資大廈27至29樓的本公司。

7. 備查文件

下列文件的副本由即日起至舉行類別股東大會及股東特別大會日期止的一般辦公時間內在本公司的註冊辦事處可供查閱：

- (a) 章程細則；
- (b) 本通函所載的大福函件；及
- (c) 本附錄第五段所述的書面同意書。



GUANGDONG INVESTMENT LIMITED
(粵海投資有限公司)

(根據公司條例於香港註冊成立的有限公司)

粵海投資有限公司(「本公司」)股本中
價值125,000,000美元每股面值1美元的
3¼%可贖回累計可換股優先股(「優先股」)
持有人類別股東大會通告

茲通告本公司謹訂於2002年9月16日(星期一)上午十時正假座香港灣仔路克道57-73號香港華美酒店三樓嘉華廳舉行優先股持有人類別股東大會,藉以考慮並酌情通過下列以特別決議案方式提呈的決議案:

特別決議案

「動議粵海投資有限公司股本中價值125,000,000美元每股面值1美元的3¼%可贖回累計可換股優先股持有人類別股東大會特此批准與本通告所載將於2002年9月16日(星期一)舉行的本公司股東特別大會上通過或執行的特別決議案有關或受其影響或可能有關或受其影響的上述股份現時附有的特別權利的任何修訂或廢除,股東特別大會的通告副本已提呈大會並由大會主席簽署以資識別。」

承董事會命
公司秘書
何林麗屏

香港, 2002年8月23日

註冊辦事處:

香港
干諾道中148號
粵海投資大廈
27至29樓

附註:

- (i) 凡有權出席上述大會及於會上投票的優先股持有人均可委派一位或多位代表(人數不得超過兩位)代表其出席大會及投票,有關的受委代表毋須為本公司股東。
- (ii) 隨附代表委任表格。代表委任表格連同經簽署的授權書或其他授權文件(如有)或經簽署證明的授權書或授權文件副本,最遲必須於大會或其任何續會指定舉行時間48小時前送抵本公司優先股的股份過戶登記處,地址為香港干諾道中148號粵海投資大廈27至29樓,方為有效。優先股持有人於委任代表後仍可出席大會或其任何續會並於會上投票。倘已遞交代表委任表格的優先股持有人親身出席大會,則其代表委任表格將被視作撤銷。
- (iii) 倘為任何優先股的聯名持有人,則僅在本公司優先股持有人名冊上排名首位的聯名持有人方有權投票(不論親身或委任代表),而其他聯名持有人將無投票權。
- (iv) 出席大會並於會上投票的權利,以及可於大會上投票的數目,將參照本公司於2002年8月23日上午十時正,或倘大會推遲,則參照本公司於預期舉行續會時間前48小時(視乎情況而定)的優先股持有人名冊確定。



GUANGDONG INVESTMENT LIMITED
(粵海投資有限公司)

(根據公司條例於香港註冊成立的有限公司)

粵海投資有限公司(「本公司」)
股東特別大會通告

茲通告謹訂於2002年9月16日(星期一)假座香港灣仔駱克道57-73號香港華美酒店三樓嘉華廳緊隨訂於相同日期及地點上午十時正舉行的本公司股本中價值125,000,000美元的3¼%可贖回累計可換股優先股持有人類別股東大會結束後舉行本公司股東特別大會,藉以考慮並酌情通過下列以特別決議案方式提呈的決議案:

特別決議案

(1) 「動議修訂本公司章程細則如下:

(a) 於第5A條第(a)段「全球預託證券」的釋義前新增下列釋義

「廣控

廣東控股有限公司」;及

(b) 於第5A條第(kk)段後新增下列內容:

「認沽期權

- (II) (i) 每位優先股股東均擁有一份期權(「認沽期權」),可根據本條條款要求廣控按每股優先股相等於該一股股份已繳股款價值135%的價格(「認沽期權購買價」),購買一股或多股彼所持有的優先股(「認沽期權股份」)。
- (ii) 倘優先股股東於2002年10月1日(包括該日)至2002年10月31日(不包括該日)期間任何時間(於香港一般營業時間內)向廣控發出書面通知(「認沽期權通知」),彼即可行使認沽期權,據此優先股股東須出售,而廣控須購買認沽期權股份。認沽期權通知不得予以撤銷。
- (iii) 認沽期權股份的買賣交收須於2002年11月7日在本公司註冊辦事處或優先股股東及廣控同意的其他地方進行,於進行交收時,優先股股東須向廣控呈送認沽期權股份的正式簽署過戶文據及該等認沽期權股份證書,或代表

其認沽期權股份的全球預託證券，而廣控須以交付從優先股股東合理接受的銀行提取的銀行滙票，或以優先股股東及廣控於買賣完成前一致同意的其他方式支付認沽期權購買價。

- (iv) 於行使認沽期權時，優先股股東向廣控出售的認沽期權股份不得附帶任何產權負擔並須具有其當時所附有的一切權利，而於買賣完成後，優先股股東須根據廣控的合理要求簽署及呈送其他文據並採取其他措施（有關費用由廣控承擔），而此要求是將有關全球預託證券的認沽期權股份授予廣控及／或其代名人，以及以其他方式給予其本條所提供的全部利益所需要的。

認購期權

- (mm) (i) 廣控擁有一份期權（「認購期權」），可根據本條條款於2003年1月31日前按每股優先股相等於該一股股份的已繳股款價值135%的價格（「認購期權購買價」），購買每位優先股股東所持有的全部（而非部份）優先股（「認購期權股份」）。
- (ii) 倘廣控於2002年9月17日（包括該日）至2003年1月31日（不包括該日）期間任何時間（於香港一般營業時間內）向優先股股東發出書面通知（「認購期權通知」），彼即可行使全部（而非部份）認購期權，據此優先股股東須出售，而廣控須購買認購期權股份。認購期權通知不得予以撤銷。
- (iii) 認購期權股份的買賣交收須於認購期權行使日期後第七個營業日在本公司註冊辦事處或優先股股東及廣控同意的其他地方進行，於進行交收時，優先股股東須向廣控呈送認購期權股份的正式簽署過戶文據及該等認購期權股份證書，或代表其認購期權股份的全球預託證券，而廣控則須以交付在優先股股東合理接受的銀行提取的銀行滙票，或以優先股股東及廣控於買賣完成前一致同意的其他方式支付認購期權購買價。
- (iv) 於行使認購期權時，優先股股東向廣控出售的認購期權股份不得附帶任何產權負擔並須具有其當時所附有的一切權利，而於買賣完成後，優先股股東須根據廣控的合理要求簽署及呈送其他文據並採取其他措施（有關費用由廣控承擔），而此要求是將認購期權股份授予廣控及／或其代名人，以及以其他方式給予其本條所提供的全部利益所需要的。」

- (2) 「動議待第(1)項特別決議案獲通過後，以下列方式修訂本公司組織章程細則：

於第5A條第(y)股中刪除下列語句：

「倘法例禁止本公司贖回所有優先股，本公司將透過選擇將會按批贖回的優先股來贖回其所能贖回的優先股，而就其餘的優先股而言，其後每年應付的累計股息將為9.60%，有關款項須每半年派付一次並按參考金額及最終贖回溢價的總額計算。」

並以下列語句替代：

「倘法例禁止本公司贖回所有優先股，本公司將透過選擇將會按批贖回的優先股來贖回其所能贖回的優先股，而就其餘的優先股而言，截至2004年4月7日止每年應付的累計股息將為6.60%，其後每年應付累計股息9.60%，在上述每種情況下，累計股息須每半年派付一次並按參考金額及最終贖回溢價的總額計算。」

承董事會命

公司秘書

何林麗屏

香港，2002年8月23日

註冊辦事處：

香港

干諾道中148號

粵海投資大廈

27至29樓

附註：

- (i) 凡有權出席上述大會及於會上投票的股東均可委派一位或多位代表（人數不得超過兩位）代表其出席大會及投票，有關的受委代表毋須為本公司股東。
- (ii) 隨附代表委任表格。代表委任表格連同經簽署的授權書或其他授權文件（如有）或經簽署證明的授權書或授權文件副本，最遲必須於大會或其任何續會指定舉行時間48小時前送抵(i)（倘閣下持有普通股）本公司普通股的股份過戶登記處登捷時有限公司，地址為香港中環夏慤道10號和記大廈四樓，及(ii)（倘閣下持有優先股）本公司優先股的股份過戶登記處，地址為香港干諾道中148號粵海投資大廈27至29樓，方為有效。優先股持有人或普通股股東於委任代表後仍可出席大會或其任何續會並於會上投票。倘已遞交代表委任表格的優先股持有人或普通股股東親身出席大會，則其代表委任表格將被視作撤銷。
- (iii) 倘為任何股份的聯名持有人，則僅在本公司普通股持有人名冊上（就普通股聯名持有人而言）及本公司優先股持有人名冊上（就優先股聯名持有人而言）排名首位的聯名持有人方有權投票（不論親身或委任代表），而其他聯名持有人將無投票權。
- (iv) 優先股持有人出席大會並於會上投票的權利，以及可於大會上投票的數目，將參照本公司於2002年8月23日上午十時正，或倘大會推遲，則參照本公司於預期舉行續會時間前48小時（視乎情況而定）的優先股持有人名冊確定。



GUANGDONG INVESTMENT LIMITED

(粵海投資有限公司)

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)

FORM OF PROXY FOR THE EXTRAORDINARY GENERAL MEETING TO BE HELD ON MONDAY, 16 SEPTEMBER 2002

No. of ordinary shares to which this Proxy relates (Note 1)	
No. of preference shares to which this Proxy relates (Note 1)	•

I/We, (Note 2) _____
of _____
shareholder(s) of GUANGDONG INVESTMENT LIMITED (the "Company") hereby appoint (Note 3) the
Chairman of the Meeting or _____
of _____

as my/our proxy to attend and act for me/us at the Extraordinary General Meeting of the Company to be held at Galleria, 3rd Floor, The Wharney Hotel Hong Kong, 57-73 Lockhart Road, Wanchai, Hong Kong on Monday, 16 September 2002, immediately after the conclusion of the class meeting scheduled at 10.00 a.m. on the same day and at the same place and at any adjournment thereof for the purpose of considering and, if thought fit, passing the Special Resolutions as set out in the Notice convening the Meeting and at such Meeting and at any adjournment thereof to vote for me/us and in my/our name(s) in respect of the Special Resolutions as hereunder indicated and, if no such indication is given, as my/our voting proxy thinks fit.

SPECIAL RESOLUTIONS	For (Note 4)	Against (Note 4)	Abstain (Note 4)
(1) To approve the proposed amendments to be made to the articles of association of Guangdong investment Limited in respect of the proposed put option and call option.			
(2) Conditional on Special Resolution (1) being passed, to approve the proposed amendment to be made to the articles of association of Guangdong investment Limited in respect of the proposed change in dividend.			

Dated this _____ day of _____ 2002

Signature(s) (Note 5): _____

Notes:

- Please insert the number of ordinary shares and/or preference shares registered in your name(s) to which this proxy relates. If no number is inserted, this form of proxy will be deemed to relate to all the shares in the capital of the Company registered in your name(s).
- Please insert your full name(s) and address(es) in **BLOCK CAPITALS**. The names of all joint holders (if any) must be stated.
- If any proxy other than the Chairman of the Meeting is preferred, delete the words "the Chairman of the Meeting or" and insert the name and address of the proxy desired in the space provided. A member may appoint not more than two proxies to attend and vote in his stead. A proxy does not need to be a member of the Company but must attend the Meeting in person to represent you. **ANY ALTERATION MADE TO THIS FORM OF PROXY MUST BE DULY INITIALLED BY THE PERSON WHO SIGNS IT.**
- IMPORTANT: IF YOU WISH TO VOTE FOR THE RESOLUTION, PLEASE TICK IN THE BOX BELOW THE BOX MARKED "FOR". IF YOU WISH TO VOTE AGAINST THE RESOLUTION, PLEASE TICK IN THE BOX BELOW THE BOX MARKED "AGAINST". IF YOU WISH TO ABSTAIN, PLEASE TICK IN THE BOX BELOW THE BOX MARKED "ABSTAIN".** If you do not indicate that you wish your proxy to abstain or how you wish your proxy to vote, your proxy will be entitled to cast your vote at his discretion or abstain. Your proxy will also be entitled to vote or abstain at his discretion on any resolutions properly put to the Meeting other than that referred to in the Notice convening the Meeting.
- This form of proxy must be signed by you or your attorney duly authorised in writing or, in the case of a corporation, must be executed either under its common seal or under the hand of an officer, attorney or other person duly authorised to sign the same.
- In the case of joint holders of any share, only that one of the joint holders whose name stands senior in the Company's register of holders of ordinary shares in respect of joint holders of ordinary shares and the Company's register of holders of preference shares in respect of joint holders of preference shares, is entitled to vote, whether in person or by proxy, to the exclusion of the votes of the other joint holders.
- To be valid, this form of proxy together with the power of attorney or other authority (if any) under which it is signed (or a certified copy of such power or authority) must be delivered (i) if you hold ordinary shares to the Company's share registrar for ordinary shares, Tengis Limited, at 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong and (ii) if you hold preference shares to the Company as the share registrar for the preference shares at 27th-29th Floors, Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong; not less than 48 hours before the time fixed for holding the Meeting or any adjournment thereof.
- Completion and return of the form of proxy will not preclude you from attending and voting at the Meeting, or any adjournment thereof, if you so wish. In the event that you attend the Meeting, or any adjournment thereof, after having lodged this form of proxy as indicated above, this form of proxy will be deemed to have been revoked.
- A complete version of the special resolutions can be found in the circular issued by the Company on 23 August 2002.



GUANGDONG INVESTMENT LIMITED

(粵海投資有限公司)

(根據公司條例於香港註冊成立的有限公司)

於2002年9月16日(星期一)舉行之股東特別大會 適用之代表委任表格

與受委代表有關之普通股股數 ⁽¹⁾	
與受委代表有關之優先股股數 ⁽¹⁾	

本人／吾等⁽²⁾ _____
寓 _____
為粵海投資有限公司(「本公司」)之股份 _____
登記持有人，茲委任大會主席或⁽³⁾ _____ 寓 _____

為本人／吾等之代表，代表本人／吾等出席本公司將於2002年9月16日(星期一)緊隨訂於同日期及地點上午十時正舉行的類別股東大會結束後，假座香港灣仔駱克道57-73號香港華美酒店三樓嘉華廳舉行之股東特別大會(或其任何續會)，藉以考慮並酌情通過召開大會之通告所載之特別決議案，並於該大會(及其任何續會)上代表本人／吾等依照下列欄內所示以本人／吾等之名義表決特別決議案⁽⁴⁾。倘無作出指示，則本人／吾等之受委代表可酌情投票。

特別決議案	贊成 ⁽⁴⁾	反對 ⁽⁴⁾	棄權 ⁽⁴⁾
(1) 就建議認沽期權及認購期權批准粵海投資有限公司的組織章程細則的建議修訂。			
(2) 在特別決議案(1)通過的前提下，就建議股息變動批准粵海投資有限公司的組織章程細則的建議修訂。			

日期：2002年 _____ 月 _____ 日 簽署：⁽⁵⁾ _____

附註：

- 請填上登記於閣下名下並與本代表委任表格有關之本公司普通股及／或優先股數目，如不填上股份數目，則本代表委任表格將被視為與登記於閣下名下之本公司股本中的所有股份有關。
- 請用正楷填上全名及地址。聯名持有人必須填上所有姓名。
- 如擬委派大會主席以外之其他人士為代表，請將「大會主席或」字樣刪去，並在空欄內填上閣下所擬委派代表之姓名及地址。受委代表毋須為本公司股東，惟須親自出席大會以代表閣下。本代表委任表格之任何更改，均須由簽署人簡簽示可。
- 重要提示：閣下如擬投票贊成決議案，請在「贊成」欄下之空格內加上「✓」號。如擬投票反對決議案，則請在「反對」欄下之空格內加上「✓」號。如擬就決議案放棄投票，請在「棄權」欄下之空格內加上「✓」號。如未有就決議案作出任何指示，則受委代表有權自行酌情投票或棄權。至於大會通告所述者以外而正式提呈大會之任何決議案，受委代表亦有權自行酌情投票或棄權。
- 本代表委任表格必須由閣下或閣下正式書面授權之人士簽署。如股東為一家公司，則代表委任表格必須蓋上公司鋼印或經由公司主管人員或正式授權代表親筆簽署。
- 如屬聯名持有股份，則任何一位聯名持有人均可親身或委派代表出席大會並就該等股份投票，惟如親身或委派代表出席會議之持有人超過一位，則只有排名較前之持有人投票方會被接納(不論親身或委派代表投票)，而其他聯名持有人之投票將屬無效，就此而言，排名先後乃以本公司普通股股東名冊及優先股持有人名冊分別有關聯名持有普通股及優先股股份之排名次序為準。
- 本代表委任表格連同簽署人之授權書(如有)或其他授權文件(如有)或經由公證人簽署證明之授權書或授權文件副本，須於大會或其續會指定舉行時間48小時前交回(i) (倘閣下持有普通股)本公司之普通股股份及過戶登記處登捷時有限公司，地址為香港中環夏慤道10號和記大廈四樓；及(ii) (倘閣下持有優先股)本公司優先股股份過戶登記處，地址為香港干諾道中148號粵海投資大廈27至29樓，方為有效。
- 閣下於填妥及交回本代表委任表格後，屆時仍可親自出席大會並於會上投票。倘若閣下交回本代表委任表格後親自出席大會，則本代表委任表格將被視作撤銷論。
- 特別決議案的完整版本詳載於本公司2002年8月23日發出的通函內。

此 乃 要 件 請 即 處 理

閣下對本通函任何方面或所應採取的行動如有任何疑問，應諮詢閣下的股票經紀或其他註冊證券交易商、銀行經理、律師、專業會計師或其他專業顧問。

閣下如已售出或轉讓名下全部粵海投資有限公司的股份，應立即將本通函連同隨附的代表委任表格送交買主，或經手買賣或轉讓的銀行、股票經紀或其他代理，以便轉交買主。

本通函僅供參考之用，並不構成收購、購買或認購粵海投資有限公司證券的邀請或建議。

香港聯合交易所有限公司對本通函的內容概不負責，對其準確性或完整性亦不發表任何聲明，並明確表示概不會就本通函全部或任何部份內容而產生或因倚賴該等內容而引致的任何損失承擔任何責任。



GUANGDONG INVESTMENT LIMITED

(粵 海 投 資 有 限 公 司)

(根據公司條例於香港註冊成立的有限公司)

修訂優先股的條款

粵海投資有限公司的財務顧問



中國工商銀行集團成員

工商東亞融資有限公司

粵海投資有限公司

獨立董事委員會的獨立財務顧問



大福融資有限公司

獨立董事委員會的函件載於本通函第9至第10頁。

大福融資有限公司(獨立董事委員會的獨立財務顧問)的函件載於本通函第11至第18頁，該函件載有該公司向獨立董事委員會提供的意見。

粵海投資有限公司謹訂於2002年9月16日(星期一)上午十時正假座香港灣仔駱克道57-73號香港華美酒店三樓嘉華廳舉行粵海投資有限公司股本中價值125,000,000美元每股面值1美元(已繳股款價值每股1,000美元)的3¼%可贖回累計可換股優先股持有人類別股東大會，日期為2002年8月23日的類別股東大會通告載於本通函附錄二。倘閣下為該等優先股的持有人，無論閣下能否出席大會，均務請盡快將隨附的代表委任表格按其上印列的指示填妥及交回，且無論如何須於類別股東大會指定舉行時間48小時前交回。填妥及交回代表委任表格後，閣下仍可出席類別股東大會或其任何續會，並於會上投票。

粵海投資有限公司謹訂於2002年9月16日(星期一)緊隨訂於相同日期及地點上午十時正舉行的類別股東大會結束後，假座香港灣仔駱克道57-73號香港華美酒店三樓嘉華廳舉行普通股股東及粵海投資有限公司股本中價值125,000,000美元每股面值1美元(已繳股款價值為每股1,000美元)的3¼%可贖回累計可換股優先股持有人的股東特別大會，日期為2002年8月23日的股東特別大會通告載於本通函附錄三。無論閣下能否出席大會，均務請盡快將隨附的代表委任表格按其上印列的指示填妥及交回，且無論如何須於股東特別大會指定舉行時間48小時前交回。填妥及交回代表委任表格後，閣下仍可出席股東特別大會或其任何續會，並於會上投票。

2002年8月23日